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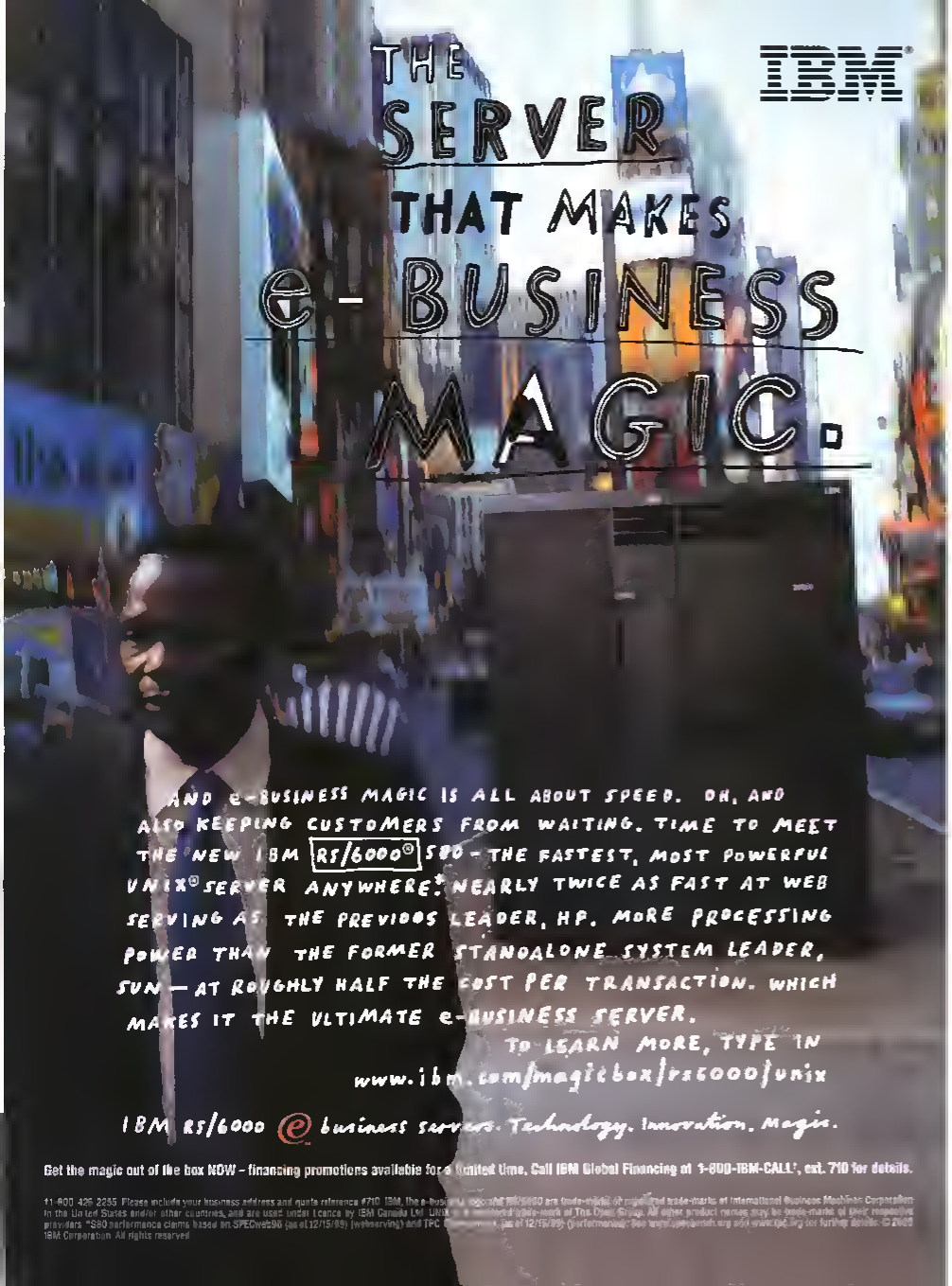
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This Week

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ROGERS MEDIA

Cover



Mike Ehrmann/Reuters

14 Saving Ms. Stewart

Jane Stewart is one of Jean Chrétien's favourite MPs. But when the human resources minister flubbed her lines about a departmental spending scandal, the government's image of financial probity and managerial competence suffered a serious setback. How a tempest became a storm

Features



Canadian War Museum 12372

22 Canvases of war

The Canadian War Museum presents a stunning exhibition of paintings by famous artists from the two world wars that have not been seen by the public for generations

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Phil Snel/Maclean's

Small-town Saskatchewan's Marcia Kilgore makes it big in New York City with her Bliss Spas, attracting stars like Julia Roberts



Denis Dyck/The Maclean's

52 Country doctors with solutions

Family physician Gordon Brock and a colleague say the health-care system is a mess because Canadians tolerate mediocrity. They offer a seven-point plan for reform

From the

Editor



The world watches our health system

The item came near the end of ABC's *World News Tonight*, but the images introduced by anchor Peter Jennings, an Ottawa Valley boy, were riveting: nurses and doctors rushing to the side of a critically ill patient in an emergency ward, other patients gasping for breath in a corridor, waiting for treatment. The subject of the item was the crisis in Canadian health care. It is a common refrain these days in the U.S. media. Last week, United Press International also moved a story around the world that began: "For many years, U.S. health-care reform advocates have pointed to the Canadian system as a 'model' of a working system. Not now. The Canadian system is in crisis." The article reported on the lineups in emergency rooms, the exodus of cancer patients seeking treatment in the United States, federal government cutbacks—even an analysis that appeared in *Maclean's* by health consultant Michael Decter.

Canada, however, is not alone in confronting a deteriorating health-care system. Throughout the world, there is trouble. In Britain, the pundits are saying that Prime Minister Tony Blair has lost his Midas touch. His biggest political problem: growing waiting lists and a bed shortage in the National Health Service. And the situation has been exacerbated by a raging influenza outbreak this winter. In words that have resonance in Canada, Liam Fox, the Tory health critic, wrote last week in *The Daily Telegraph*: "We have first-class staff in a second-class system."

The United States, often held out as a model of excellent private care, also faces major problems. A report in November by an arm of the National Academy of Sciences sounded an alarm about the number of deaths caused by medical errors each year (up to 98,000). The warning has galvanized the medical establishment and the private sector. Executives of some of the leading industries, including General Electric and General Motors, have created an organization to improve medical care for their workers. The U.S. Senate has started hearings on the issue and, last week, Senator Edward Kennedy of Massachusetts declared: "CEOs increasingly realize that making patient safety a priority when contracting with health plans improves the quality of care of employees and saves the company money."

The urgency of the Canadian situation was underlined last week when health care dominated the meeting of cash-strapped premiers in Quebec City. They urged Ottawa to increase spending on the system by more than $6 billion—a demand that Prime Minister Jean Chrétien promptly rebuffed. The provinces want the feds to ante up in this month's budget and ease the pressure they are feeling from their voters. Ottawa insists it has restored most of the cuts made since the Liberals took office in 1993. At the heart of the tussle is who will get credit for doing something that the vast majority of Canadians want: putting money back wisely into a system that needs reform. The provinces and the federal government seem more concerned with playing the blame game than acting on issues such as home care. But the time for playing games is over. The hour has come to get Canada's health system off the U.S. network news.

Robert Lewis

response@macleans.ca to comment on From the Editor

Newsroom Notes

Ah, it's a tough job

As reporting jobs go, a trip to New York City's hottest beauty spa may not qualify as a hardship assignment. But it was a chance for Senior Writer Jane O'Hara to explore the phenomenal success of 31-year-old Marcia Kilgore, who was born in Outlook, Sask. (population 2,300). Thirteen years ago, Kilgore moved to the Big Apple with a little money, a lot of moxie and a personality as big as the Prairie sky. To make money, she became a personal trainer and then started giving facials on the living-room floor of her tiny East Village apartment. From that humble hands-on sideline, she built a spa and skin-care products empire that, last year, rang up $30 million in sales. Has success gone to her head? "No," said O'Hara. "She's too busy for that. She works like a bandit. She is always on the run. And yet, she always makes time to e-mail her mother, Lorene, in Saskatoon and handwrite letters to her grandma Hilda in Outlook."

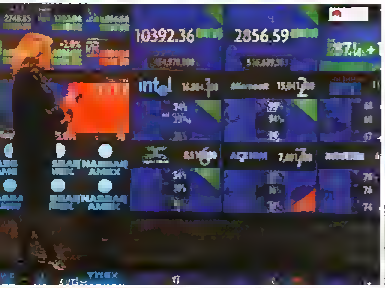


O'Hara: hot spas

O'Hara discovered that in image-crazy Manhattan the beauty business is as competitive as any contact sport. And Kilgore is at the top of her game (page 38).



The Mail



The Nasdaq exchange: asset inflation

Financial times

I've decided your Jan. 31 issue ("The best & worst mutual funds," Cover) is more of a keepsake than your millennium edition. "Too good to be true" is second to none as a reminder of the foolish times in which we live. The "new era" that has supposedly reformed the business cycle is nothing more than the hyper-myopia of economists who forget we're in the midst of the greatest financial asset inflation yet. Financial assets are being used to leverage loans and pay programmers in much the same way that legal tender is used. With stock markets worth 1.5 times what the U.S. economy produces, and growing, we have too much money chasing too few goods. RRSP-holders beware.

Eric Miller, Ottawa

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'Bear-walking'

I take great exception to "Celluloid sorceress" (Films, Jan. 31). The "bear-walker" is a myth, and that some people claim to believe it does not in any way make it a reality. And how in the world would anyone think that assault, "physically, mentally and emotionally," could be "accidental" in the first place? The practice of bear-walking provides a cover for violence in native communities, particularly against women, as the film reviewed, *Backroads*, exemplifies. The promotion of spiritualism and mythology obstructs scientific thought and contributes to the isolation and dependency of aboriginal people. Articles like this help to maintain those conditions.

Albert Howard, Toronto

Negative images

Seeing a photograph of the black, tumour-ridden lungs of a (deceased) smoker was the final straw I needed to kick a nasty 10-year, one-pack-a-day nicotine habit. This was five years ago, and I love being a nonsmoker. I truly hope to see graphic images like those proposed on all cigarette packages—soon ("Truth and consequences," Health, Jan. 31).

Ulla Albrecht, Lion's Head, Ont.

If we are serious about preventing more Canadians from getting hooked on smoking, we need to target the positive image it has been given. And this includes the media, not simply the advertising produced by the tobacco industry. In your story, teenager Arthur Kaznowski and tobacco industry spokesman Rob Parlet are both correct—you can publish the health hazards in intense and graphic detail, but there will always be people who will smoke anyway. This proposal is a bold move by federal Health Minister Allan Rock, and I wish him every success in shoving it down the industry's throat. But I challenge Rock to go one step further and attack the problems we face with sex and alcohol, such as drunk driving, binge drinking, promiscuity, unwanted pregnancies and sexually transmitted diseases. I believe we cannot begin to face these problems until we challenge the positive and two-dimensional images they have been given through the media.

Mark D. Ronhaar, Southport, Man.

I have a seven-year-old son who is your proverbial risk-taker, no danger is too great! He only just confessed to me his longing to try smoking when he is old enough. I was quick to show him the effects of smoking—the picture in *Maclean's* of what will happen to the brand-new teeth soon to fill the gaps in his pumpkin-like mouth. The result is exactly what I was hoping for: not a comment from him, just deep thought. Why wait until our children are teenagers to show them these thought-provoking pictures? Let's start in elementary schools, where the thoughts of "smoking is cool" are already embedding themselves into their sponge-like, easily influenced little minds.

Julie Sherwood, Burlington, Ont.

ATVs on the Trail

I, too, am dismayed and angry—and sickened—that part of the Trans Canada Trail is being opened up to ATVs and other motorized vehicles ("A hikers' dream gets lost in the din," Opening Notes, Jan. 24). I'm sure this new motorized trail is not what thousands of hikers have supported and looked forward to. I'm withdrawing my support of the trail. I've asked for my donation to be returned, and it might force the policy-makers to rethink this decision if others did the same. I have no interest in supporting these noisy, polluting (and often reckless) forms of recreation. We need a little more peace and quiet!

Dan Pemokis, Sault Ste. Marie, Ont.

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Catfight?

Ouch! Do I sense the hiss of an aging cat clawing away at the perk and ambition of the feisty Jan Wong ("Lunch with Jan Wong," Jan. 31)? Perhaps Allan Fotheringham, in realizing his prose has been limited to tales from an over-the-hill traveller, feels threatened by a woman who reminds him so much of himself (as a young buck) that all he can do is toss about petty insults regarding her dining etiquette.

Kasie Colbeck, Toronto

I delighted in Allan Fotheringham's column about lunch with Jan Wong—the two Mr. Blackwells of journalism are perfectly suited to duking it out in a viper pit. However, when Mr. Pot calls Miss Kettle a cheap tipper, I must point out I served Fotheringham a gutful of his favourite single-malt scotch on an authors' evening in Toronto's Coyote Grill in 1993, and he left me not one sou.

Elizabeth Bricknell, Toronto

Foth said Jan Wong left only an $8 tip on a $70 restaurant bill. No customer should be expected to pay a gratuity on the taxes, only the food, beverage and service portion. Deducting eight-per-cent Ontario sales tax and seven-per-cent GST leaves a tab of $60.87. An $8 tip works out to 13.14 per cent, a lot closer to the 15-per-cent guideline than Fotheringham's slight suggests.

Jerry Dykman, Morden, Man.

Allan Fotheringham was at his finest in his "Lunch with Jan Wong." Anyone who appreciates rapier-sharp wit with a charming dose of conversation by implication has to conclude that this piece was a virtuoso performance. I felt as if I was there witnessing every action. I had to read it twice to take in every bite.

Bill Hazlewood, Toronto

Canadian health care

The medical manpower crisis today in Canada is due to a deliberate effort by government to control the working lives of self-employed physicians by coercion and regulation ("Paying doctors to keep us healthy," Health, Jan. 31). This policy must end immediately or the situation will get even worse. We are all tired of the daily abuse heaped upon us by many segments of society. Our skills are taken for granted despite long hours of dedicated service for bargain-basement fees. Our stress levels are too high and the personal-tax bite is a killer. Most of us have given up already.

Dr. E. F. Dobkin, Toronto

I am pleased that you have brought attention to the care of the elderly and the looming crisis of aging baby boomers ("All in the family," Cover, Jan. 17). However, I am appalled at the portrayal of nursing homes. The image described is one that may have applied in the 1950s and '60s, but is not common anymore. I have worked as a registered nurse in long-term care for 20 years. During this time, I have visited many homes that do not in any way fit the image portrayed. In fact, I, along with my colleagues, have worked very hard to dispel these myths. It is a shame that our trusted national magazine has done such an injustice to the long-term-care industry.

Betty Matheson, Tatamagouche, N.S.

Your article "Hidden heartbreak" (Cover, Jan. 17) was thorough, informative and a wake-up call to people that a serious issue is at hand. One of our main objectives at the Alzheimer Society is to make people aware of the coming onslaught of those who will be affected by Alzheimer's disease and to encourage action that will prevent a crisis. Your article has helped greatly in this matter.

Steve Rudin, Executive Director, Alzheimer Society of Canada, Toronto

My father was the 69-year-old gentleman referred to in your recent editorial about the health-care system ("A modest proposal for the ER crisis," From the Editor, Jan. 17). He died in Weyburn, Sask., after waiting two days for a cardiac bed in Regina. To be honest, the complication that killed him after his heart

attack would probably have killed him whether he was in the cardiac-care unit in Regina or at the Ottawa Heart Institute. But the lack of a cardiac bed in Regina robbed him of any chance that he did have for survival. He was a fit, active nonsmoker. He was too young to die. The problem was that every cardiac bed in Regina was full with cardiac patients, and there were others in rural Saskatchewan waiting as well. The cardiac-care unit is a lifeboat and when it is funded with too few beds for the people who need it, people have to wait. This wasn't a bizarre event, this is a typical example of the way the health-care system functions. The reality in Canada is that patients on long cardiac waiting lists *die*, patients waiting more than a year for a total hip replacement *suffer*, and *cancer spreads* while waiting two months for diagnostic-imaging studies and months more after to see an oncologist or radiation therapist. My father's doctor did everything he was supposed to do to get my dad transferred. He called the cardiac unit numerous times. A Regina cardiologist who just happened to be doing a travelling clinic in Weyburn saw my father and recommended that he be transferred to Regina. To blame the rural doctors for miscommunication as has been done in the media by health-care administrators is just plain crap. The system needs to be fixed.

Dr. Paul C. Grimm, Associate Professor, Pediatric Nephrology, University of California at San Diego



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Editorial Update

Maclean's columnists: Topical and Passionate

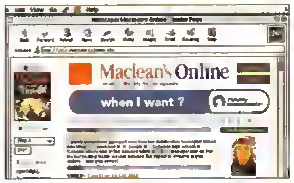
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In the world of education, Maclean's Assistant Managing Editor Ann Dowsett Johnston offers an informed and provocative analysis of the most vital issues concerning Canadians.

Editor of both the nationally lauded *The Maclean's Guide to Canadian Universities* (watch for the 2000 edition, available in stores in March) and *The Maclean's Guide to Canadian Colleges*, Dowsett Johnston has overseen the annual ranking of universities since 1992. The Maclean's ranking offers a unique window into the academic world, and an ever-growing number of Canadian students are using it as part of their decision-making process.

In her regular column, Ann explores everything from the importance of liberal arts to battling homophobia in high schools and the brain drain. "Never before have we connected the dots so clearly between education and prosperity, both on a personal and national level," says Dowsett Johnston. "For that reason, education tops the public agenda for most Canadians."

Newsstand Notes



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Opening

Notes

Edited by Tanya Davies

Life after near-death

On April 1, 1974, Pam Barrett, then 20, was diagnosed as having advanced Hodgkin's disease. She was, as she puts it, "on my deathbed." After receiving experimental radiation therapy, Barrett made a slow and painful recovery. She later credited her illness with "convincing me to go to university to learn the best way to defend being a social democrat." Last week, Barrett, who has served as leader of the Alberta New Democratic Party for the past three years, took a very different lesson from what she described as an even more dramatic brush with death. During a visit to the dentist, Barrett had a possible allergic reaction to a local anesthetic, during which, she says, she "died" and her soul left her body. The next day, Barrett, who calls herself a "lapsed Catholic," resigned from politics, saying she wanted to explore her spiritual side. "I've always believed in a God," Barrett told *Maclean's*. "I just don't have a handle on what exactly I believe."

After receiving the anesthetic, Barrett says she experienced three separate blackouts. During one in the hospital, she recalls holding a nurse's hand and feeling her soul ascend. "It was really weird, I could see the two of us, sitting there. Then, suddenly I'm back in my body." Barrett says she saw neither a white light nor an image of God—commonly reported by others who have near-death experiences. "Either I wasn't dead long enough, or there was a real message there," she laughs. "You know, 'You weren't going to heaven, darling; you were headed in the other direction.'"



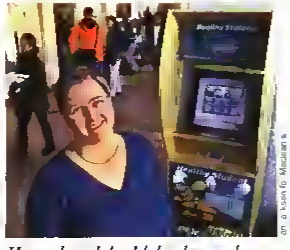
Tom Bateman—© Edmonton Sun

Barrett (left), her dentist, David Oyen: finding a new path

Though she didn't see God, Barrett firmly believes God sent her a message. "You need to find a new path." The feisty Barrett, who has earned a reputation as one of Alberta's most effective opposition politicians, took that as a sign that she needed to find a new career. "I'm not going to get to a new path if I stay with this all-consuming job," she says. "You vow you'll take time to smell the roses but you never do."

Cyber sex-ed for global students

The opening graphic depicting a lava flow is intriguing. But even more arresting is the cover line: "Itchin', burnin' & squirmin'." No, it's not a paean to Elvis Presley of the *All Shook Up* era. It's the eye-catching introduction to what turns out to be a sobering discussion of sexually transmitted diseases—and just one part of a University of Alberta health-education software program that is taking the world by storm. What began five years ago as a student project on AIDS in Canada has mushroomed into The Healthy Student Software Collection. It includes chatty cyber lessons on safe sex, alcohol abuse and how students cope with stress. The series has been downloaded in 62 countries, ranging as far afield as Nepal and Namibia. "My job is health promotion," explains health-education co-ordinator Judy Hancock, "and this is how I can reach the most people." She credits the popularity of the software program to its "comfortable and conversational tone." This is the result of her constantly reviewing the tone and language with students. Hancock, 45, a former junior-high-school teacher, is still trying to adjust to the heady reach of the Web. "When I taught, you'd be lucky to reach the five kids who sat at the front of the class," she says. "To reach 62 countries is a bit mind-blowing."



Jon Kaan for Maclean's

Hancock with health kiosk: popular

e-commerce

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Explorer

Lying down on the job



Microsphere: high-tech comfort

It looks like a dentist chair, but the Microsphere computer workstation lets the user recline and work, instead of sit up and spit. The integrated chair—designed by a team of Canadians—has adjustable head- and footrests, can recline 30 degrees and has movable trays to hold a monitor and keyboard. And the chair's frame, constructed from aircraft-grade aluminum and steel, can support a 136-kg body and 48 kg of computer equipment.

"We asked ourselves, 'How do people want to sit?' " says Geoff Orr, the 25-year-old co-founder of Vancouver-based Microsphere Inc. Two years ago, he and partner Ben Moglin enlisted the help of two engineering graduates and a design grad to create the user-friendly computer workstation. The Microsphere was introduced at the Comdex convention last November, and participants immediately sat up and took notice. All 100 of the trial units were snapped up for $2,330, and CNN picked the chair as a "top five Christmas present." Now, Orr and Moglin have set up an Internet site (*www.microsphere.com*) to take orders. And they are updating the original chair. By next month, a trendy all-chrome version will be available as well as attachments like cup-holders—so users can compute with a cappuccino.

Typing toddlers

While some adults are still trying to learn how to scroll with a mouse, toddlers are learning on the computer by using interactive software designed specifically for two- to five-year-olds. One program is Buddy Brush and the Painted Playhouse, which allows click-happy preschoolers to play games while learning computers. North American sales have been so good that Ideas That Play Entertainment, a Vancouver-based software company, has licensed the program in 10 countries.

The appeal to toddlers is the title character Buddy Brush, a cartoon character paintbrush who acts as a guide through brightly animated activity areas. Kids dip Buddy into paint cans to colour a scene or blend primary colours into other shades. Music, which starts to play as the activity is started, becomes more elaborate until it turns into an original score.

Susan Oh

Pop Movies

1.	The Hurricane (131/6)	$1 143 020
2.	Girl, Interrupted (139/7)	$999 800
3	Next Friday (43/1)	$696,370
4.	Stuart Little (166/7)	$609 760
5	The Green Mile (161/8)	$608 380
6	Down to You (148/2)	$596 050
7.	The Talented Mr. Ripley (146/6)	$515,820
8.	Play It to the Bone (120/2)	$381 150
9	Toy Story 2 (170/11)	$333 390
10	Magnolia (82/8)	$332 970

Top movies in Canada, ranked according to box-office receipts during the seven days that ended on Feb. 3. (In brackets: numbers of screens/weeks showing.)

Source: Entertainment Data Inc.

Family ties



Three of Hollywood's hottest leading ladies co-star in the comedy *Hanging Up*—and actor Diane Keaton does double duty as both star and director. Keaton is joined by Meg Ryan and Lisa Kudrow as sisters who have to put aside their differences to take care of their grumpy, ailing dad, played by Walter Matthau.

Passages

Discharged: British supermodel **Naomi Campbell**, 29, after pleading guilty to beating her assistant, **Georgina Galanis** of London, Ont; in Toronto. Campbell, who didn't attend the trial, was given an absolute discharge, which means she won't have to serve any time in jail and she won't receive a criminal record. The melee occurred two years ago when Campbell, who is known for her hot temper, was in Toronto shooting a film. Galanis filed a civil suit against the model in New York City, but the pair reached an undisclosed settlement.



Pa ian Orlowski-Pardo s

Campbell

Died: Award-winning Winnipeg-born science fiction writer **Alfred Van Vogt**, 87, who wrote 38 novels, including *Slan*, *The Voyage of the Space Beagle* and *The Weapon Shops of Isher*; of pneumonia in Los Angeles.

Died: Comic-book artist **Gil Kane**, 73, who sketched such memorable characters as the Hulk and Spider-Man, of cancer in Miami.

Banned: Atlanta Braves relief pitcher **John Rocker**, 25, from team play until May 1, for his disparaging comments in *Sports Illustrated* about homosexuals, minorities and foreigners; by major league baseball commissioner **Bud Selig**.

Charged: Baltimore Ravens linebacker **Ray Lewis**, 24, with murder in the stabbing deaths of two people; in Atlanta. Lewis is the second NFL player to be charged with murder this season. Carolina Panthers wide receiver **Rae Carruth**, 26, faces charges in the Nov. 16, 1999, shooting death of his pregnant girlfriend, Cherica Adams.

Awarded: The Genie for best director to **Jeremy Podeswa** for *The Five Senses*; in Toronto. *Sunshine* won best film while **Bob Hoskins** was awarded best actor (*Felicia's Journey*) and **Sylvie Moreau** best actress (*Post Mortem*).

INTERNET Shopping Guide

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Opening Notes

Best-Sellers

Fiction

		POSITION LAST WEEK
1.	NO GREAT MISCHIEF, Alistair MacLeod (14)	1
2.	A GOOD HOUSE, Bonnie Burnard (11)	2
3.	BLUE AT THE MIZZEN, Patrick O'Brian (6)	3
4.	GAP CREEK, Robert Morgan (1)	
5.	PILGRIM, Timothy Findley (23)	7
6.	ELIZABETH AND AFTER, Matt Cohen (1)	
7.	SICK PUPPY, Carl Hiaasen (2)	8
8.	DAUGHTER OF FORTUNE, Isabel Allende (4)	4
9.	TIMELINE, Michael Crichton (9)	5
10.	MISS WYOMING, Douglas Coupland (3)	6

Nonfiction

1.	TUESDAYS WITH MORRIE, Mitch Albom (5)	1
2	'TIS, Frank McCourt (17)	2
3	FIVE DAYS IN LONDON, John Lukacs (2)	7
4.	HAVE A NICE DAY, Mick Foley (4)	3
5	THE ROCK SAYS, The Rock (3)	4
6.	SISTERS IN THE WILDERNESS, Charlotte Gray (12)	5
7	A VAST CONSPIRACY, Jeffrey Toobin (1)	
8	NO LOGO, Naomi Klein (3)	9
9	THE NEW NEW THING, Michael Lewis (2)	8
10	GALILEO'S DAUGHTER, Dava Sobel (8)	10

() Weeks on list

Compiled by Brian Bethune

Golden memories



Few events in Canadian history carry the romance of the 1898 Klondike Gold Rush. *The Right Way On* (Timberholme) is the firsthand account of William Olive, who spent that year as the manager of a Yukon steamboat company. His lively memoirs include vivid sketches of those he met—Mountie Sam Steele and bandit Soapy Smith among them—and an eye-opening description of the vast profits to be made in liquor, which sometimes fetched $2,000 a gallon.

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Backstage



Anthony Wilson-Smith

A little help from his friends

Shortly after the 1993 federal election, then-agriculture minister Ralph Goodale gave an interview to a reporter in which he discussed complex trade issues at length. Despite the profusion of words, the journalist later wrote, Goodale didn't say a thing of substance. When the article appeared, an aide showed it to Jean Chrétien, who snickered with delight. "Now that," he said, "is how a minister *should* talk."

That attitude is what makes the Prime Minister's enthusiasm for the "Clarity Act"—the legislation that seeks to impose straight talk on Quebec secessionists—so remarkable. For the most part, Chrétien considers full disclosure an *un*necessary evil. That's one reason the Prime Minister loves Jane Stewart: she's the only person in cabinet (now that Sergio Marchi is gone) who makes Goodale sound concise and precise. Stewart's speech is a form of rhetorical Muzak, with the same clichés endlessly replayed in a single unchanging, carefully modulated loop, no matter the question or circumstances.

Whether those performances are driven by deliberate obfuscation or horrendous advice from handlers is as unclear as the manner by which Stewart's human resources department lost track of up to $1 billion of taxpayers' money. But those questions don't ultimately matter, since nothing too bad will ever happen to Stewart on Chrétien's watch. Stewart's dad is former Ontario Liberal leader Bob Nixon, one of the Prime Minister's oldest friends, and Chrétien recalls bouncing her on his knee when she was a child. Five days before the 1995 referendum, when the Prime Minister broke down and wept in caucus because of disarray on the federalist side, Stewart immediately offered a reassuring hug, and persuaded him to stay in the room. Few others would dare approach the proud, private Chrétien at such a time. Last week, the Prime Minister responded in kind, deflecting a media blitzkrieg on her by offering himself up instead, and then doing everything shy of pistol-whipping his caucus into publicly defending her. Some Liberals think Stewart is his choice to succeed him—though after the last two weeks, *that's* not likely.

Chrétien's defence of Stewart, like his strategic embrace of clarity, runs contrary to his professed views. In 1991, he told the House of Commons that "if there is any bungling in a department," the "minister will have to take full responsibility." He also once said that "in politics, there is no room for friendship"—because personal considerations cloud the hard, necessary decisions a leader must make. But that was when the Liberals were in opposition—and this is now the second half of a second majority term of government. In opposition, he was seeking to win new friends and influence more people. But after six years of government, Chrétien has all the influence he needs, and the only friends who matter are those, like Stewart, committed to keeping him in office.

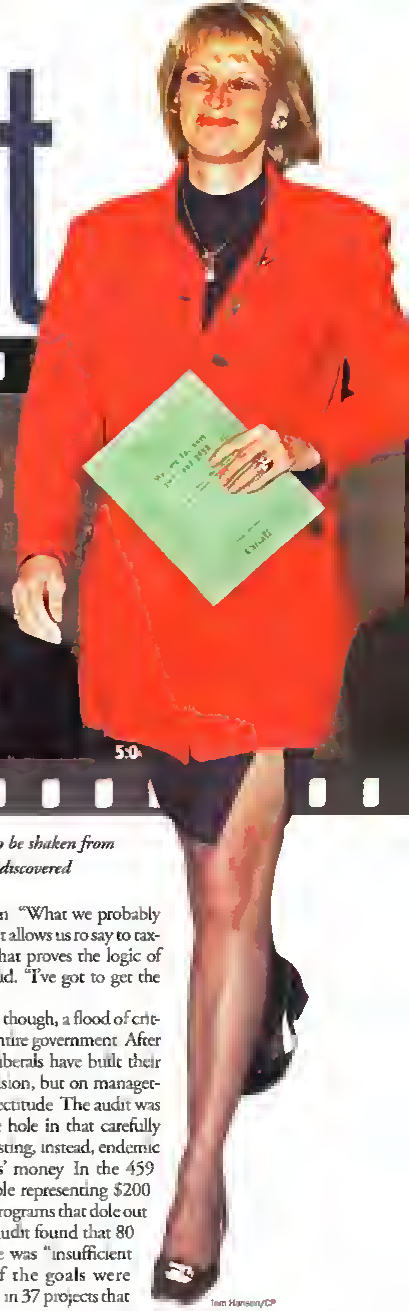
The key to government lies in administering to what are sometimes called the Five P's: people, process, policy, politics and power. Politicians are most precise about policies in opposition, when there is no chance to implement them. In office, they discover that the process of passing legislation is complex, so they swallow suspicions about the civil servants who advise them, and make nice. Internal politics can also be crucial: you need influence and allies to win support for pet bills, and to establish them as legislative priorities. And if you're seeking more money as a cabinet minister for your department, you compete with colleagues also pushing projects. So it pays to accumulate credit with the person in power—and the easiest way is to show blind loyalty.

What's missing in those equations is the fifth component: *people*, the ordinary Canadians who are supposed to be the priority. A government caught doling out cash indiscriminately—in this case to some groups that didn't even *apply*—should be contrite, and prepared to accept blame. But Chrétien believes that being prime minister means never having to say you're sorry. He won't blame Stewart, or predecessor Pierre Pettigrew, one of the government's only ministers popular with the Quebec media. And it's inconvenient to blame civil servants because Mel Cappe, the deputy minister who oversaw the mess, is now clerk of the Privy Council, working directly alongside Chrétien.

In political circles, "Beltway Syndrome" refers to the belief in government that the people you deal with firsthand are the only ones who matter. It's most often found in second-term governments, such as this one. In 1993, the Liberals seemed serious about changing their previous profligate lifestyle: to balance the budget, they cut spending, cancelled programs, and didn't mind ticking off traditional allies. But really, they're like those overweight people who go for quick-fix diets, starving themselves long enough to slim down. As soon as everyone takes notice, they let their belts out, and tub up again. Giddy with post-deficit euphoria, the Libs have rediscovered gluttony. Rather than apologize, they rationalize—insisting their unannounced, uncontrolled, unsupervised multibillion-dollar spending is *good* for Canada. Now, senior Liberals suggest the next budget will contain $4 billion in *new* spending. More ice cream for all—whether you want it or not.

SAVING Ms. Stewart





Tom Hanson/CP

Chrétien stepping in: through more than two weeks of attacks, Stewart refused to be shaken from her insistence that the uproar is based on a misunderstanding of what the audit discovered

Cover

Ottawa explodes in a funding scandal that threatens one of the Prime Minister's rising stars

By John Geddes

It was the last good day of politics that Jane Stewart would enjoy for a long time. On Jan. 17, a routine Monday, the federal human resources development minister toured Cochrane, Iroquois Falls and Kirkland Lake in northeastern Ontario, soaking up the gratitude of workers who owed their jobs to money poured in by her department. Benoît Serré, the local Liberal MP, proud to have the rising star cabinet minister and personal favourite of the Prime Minister on his home turf, took her to see Cochrane's brand-new call centre. A $600,000 grant from one of the many funds Stewart's sprawling bureaucracy oversees had recently helped create 66 telemarketing jobs at the centre—much appreciated in a region hit hard last year by the closures of a mine and a pulp mill.

But back in Ottawa, events were unfolding that would soon make just that sort of good-news, job-creation spending the subject of a political maelstrom. Two months earlier, Stewart had been briefed about an internal audit that uncovered disturbing management lapses in many of her department's grant programs. Now, the Reform party was on the trail of the damning audit, through the access to information process. As well, the federal financial watchdog, Auditor General Denis Desautels, was probing Human Resources for his own report, slated to be made public this fall. Stewart's officials decided that was the week to make a pre-emptive strike.

They booked Ottawa's National Press Theatre for an unusual news conference. And so, on Jan. 19, just two days after her pleasant trip up north, Stewart stepped into the television lights to disclose the audit's findings: gaping holes in the way her department doled out and kept track of $200 million in taxpayers' money.

After that, she never seemed to know what hit her. The low point came last week when, as she struggled to answer reporters' questions on live TV after a cabinet meeting, Prime Minister Jean Chrétien walked up and took over at the microphone. Still, through more than two weeks of searing attacks, Stewart refused to be shaken from her insistence that the whole uproar is based on a terrible misunderstanding of what the audit discovered. At the end of last week, she told *Maclean's* flatly: "This is not about wasted money." Her steadfast position, and Chrétien's, is that nothing more is at issue than some sloppy administration. "What we probably haven't got is the system that allows us to say to taxpayers, 'Here's the paper that proves the logic of this decision,' " Stewart said. "I've got to get the plumbing in place."

While she fixes the pipes, though, a flood of criticism is rising around the entire government. After all, under Chrétien, the Liberals have built their reputation not on grand vision, but on managerial competence and fiscal rectitude. The audit was a torpedo that put a huge hole in that carefully constructed image—suggesting, instead, endemic carelessness with taxpayers' money. In the 459 projects reviewed—a sample representing $200 million in spending from programs that dole out a total of $1 billion—the audit found that 80 per cent of the time there was "insufficient monitoring" to know if the goals were achieved or not. Worse still, in 37 projects that

received $30 million, questions were serious enough to prompt follow-up investigations to find out if Ottawa might even have to demand some money back.

Yet the government's reaction, from the Prime Minister to anonymous backbench MPs, was more combative than contrite. Chrétien dismissed the findings as no worse than what the auditor general discovers "every year, four times a year" in his regular critiques of federal spending. One reason for downplaying the whole affair is that admitting a deeper malaise might weaken, or even sacrifice, powerful government figures besides Stewart. Pierre Pettigrew, now international trade minister, held the human resources portfolio during the period studied by the audit. And Mel Cappe, now the top federal bureaucrat as clerk of the Privy Council, was the department's deputy minister when the questionable grants were handed out.

Beyond preserving important players, there is the matter of safeguarding a time-honoured Liberal concept of what government is all about. Serré—stunned that Stewart was coming under withering attack just days after he hosted her in his riding—lashed back at what he views as an ideologically motivated campaign. "This is being driven by the extreme right wing," Serré said, "who want us to get away from anything that has to do with economic development so they can have a few extra billions to do tax breaks for the rich and the big corporations." Chrétien also tried to shift the discussion away from how the government lost track of millions to the underlying aims of the grants (page 20). "I urge you to read what is in the programs," he said in one heated exchange with reporters. "If you're opposed to that type of program, we can have a debate on that."



Pettigrew: the Liberals have built their reputation on managerial competence and fiscal rectitude, but the audit punched a huge hole in that carefully constructed image

His bid to engage his opponents only on his own terms shows the Prime Minister functioning in top form as a political tactician. In fact, the objectives of the 28 programs audited sound eminently defensible—from creating jobs in areas with high unemployment under the Canada Jobs Fund, to helping alleviate crushing native poverty under the Aboriginal Human Resource Development Strategy, to supporting literacy and basic skills training. Still, asserting that these schemes were set up to do good hardly invalidates the serious questions now raised about how much they actually achieve. While Chrétien insists that the only real concerns surround the $30 million spent on those 37 projects now being scrutinized in follow-up investigations, the audit left little doubt that lax oversight is much more widespread.

The government's reaction, from the Prime Minister down to anonymous backbench MPs, has been more combative than contrite

Some troubling details have yet to receive much close attention. Two-thirds of the files reviewed did not even include an explanation of why the project was approved in the first place. Most of the projects involve private companies, yet in 97 per cent of those audited, there was no evidence the department looked into how much debt the project sponsors were carrying—a key factor in assessing whether the firm was financially capable of fulfilling, say, a job-creation or training pledge. And, contrary to the government's own guidelines, the review found that across all 1998-1999 programs examined, more than one-quarter of all project expenses were paid out in March, the last month of the federal fiscal year, in an apparent rush to avoid having unused funds revert to the federal treasury.

All this and more had opposition politicians crowing that their worst suspicions—and harshest allegations—about the way the Chrétien government spends were being confirmed. "The Liberal attitude towards public money is that it is their own private treasure trove," said Calgary MP Diane Ablonczy, who, as Reform's human resources critic, is leading her party's bombardment of Stewart. And as Ablonczy's remark suggests, Reform's line of attack is not limited to the audit's revelations about slack administration. The more potentially damaging implication is that where bureaucrats have cut corners, their motivation may have been to satisfy political masters. MPs are routinely involved in the decision-making process on grants that flow into their ridings. "Most of the problem is political interference," Nycole Turmel, executive vice-president of the Public Service Alliance of Canada, the biggest federal government union, told *Maclean's*.

Political pressure in the Human Resources granting process was flagged as a problem in a 1998 report by Ekos Research Associates Inc., a polling and consulting firm hired to look into the Transitional Jobs Fund, a $100-million-a-year program that ran from 1996 to 1998. (In April, 1998, Pierre Corbeil, a federal Liberal party organizer, was fined $34,500 for influence-peddling by a Quebec Court judge after he

'They do not just give you the money'

Mounds of wavy brown hair spilling over her shoulders, she moves among her students at the Allanti School of Hairdressing and Aesthetics in Brantford, Ont. Constance Toth has trained almost 1,000 women in the art of hairstyling, body waxing and cultivating fingernails. But last week, her school was swept up in the controversy surrounding Human Resources Development Canada grants. The issue is sensitive in Brantford, located in the heart of Brant riding, which is represented by Human Resources Minister Jane Stewart and received nearly $10 million a year over the past three years. Toth's school got a total of nearly $30,000 in 1998 and 1999, but she scoffs at any suggestion that the allocation was improper. "The government is strict," she insists.



Toth with student. the program pays the tuition fees for people on Employment Insurance who want job training

"They do not just give you the money."

In Toth's case, the money came from the skills, loans and grants program, under which the government pays tuition fees for people on Employment Insurance who want job training. Students wanting to use the program must first contact employers in their chosen field and then convince officials that they are likely to get a job upon graduation. The students are then advanced money to cover school costs. In this case, Allanti charges them almost $6,000 for a yearlong course, and the money then appears in federal records as grants received by Allanti.

For many, the program represents a chance for change. Says Raven Robertson, 53, a single mother who raised four children. "I'll finally have a career." Hala Anderson, who runs her own company, International Nail Supplies, and also teaches at Allanti, says there is a more profound issue involved. "These are real people," she says. "But some can't afford the tuition. What are they supposed to do—go on welfare?"

Tom Fennell

'We didn't wait for a multinational'

A remote section of Quebec's sprawling Berthier/Montcalm riding, about 160 km north of Montreal, doesn't seem like an obvious site for a high-class inn. But officials at Human Resources Development Canada saw it differently, allocating an $839,265 grant to the hotel owners under the Canada Jobs Fund. Now, the inn is in trouble. In December, four months after opening, the Auberge du Lac Taureau filed for bankruptcy protection—among its creditors are builders and tradesmen who placed $2.5 million in mortgage liens against the $11-million hotel. And, as a result of the grant, it is also embroiled in the spending scandal that has beset Ottawa.

But the cozy 100-room auberge is still in operation. And spokesmen for Centre Nouvel Air Matawinie Inc., the company that spearheaded the project, insist that the investment is sound. President Mario Gouin notes that the firm, which owns another hotel nearby, is profitable—and says the inn will prosper. "It's not a financial operation problem," says Gouin, who chalks up the current woes to a $1.5-million overrun in building costs. "It's a construction-cost problem that we'll settle in the next few months."

Moreover, the inn helped create 150 full-time jobs in an area that badly needs to diversify its forestry-based economy. "In two years, we probably won't need this type of aid," says Gouin. "We're in the midst of changing." The project, located in a riding currently held by Bloc Québécois MP Michel Bellehumeur, has also received backing from the Parti Québécois provincial government and 150 shareholders, among them the solidarity fund of Quebec's federation of labour, which holds the biggest stake. Says Gouin, "We didn't wait for a multinational to come and invest in the region."



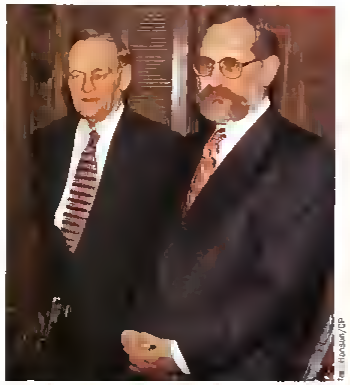
Gouin: insisting that the setbacks are temporary

Brenda Branswell

Opposition politicians crowed that their worst suspicions about the Chrétien government's spending had been confirmed

pleaded guilty to pressuring TJF recipients to donate money to the party) Ekos surveyed 301 project sponsors, mostly businesspeople, and conducted detailed interviews with 30 "key informants," a group that included public servants closely involved with approving grants. "While a certain amount of political involvement is expected," the report, obtained by the Reform party, concluded, "there was nevertheless some uneasiness among some respondents regarding projects that may have been approved for political reasons rather than based on the strength of the business plan."

Many Liberal MPs recoil at any suggestion that their input undermines the grant application system. "The reality is that MPs are in place to be able to assess what is in the riding and where the needs are," says Liberal MP Brenda Chamberlain, who chairs the government's Ontario caucus. "That's a very real part that an MP must continue to play."



Chrétien with Cappe, some Liberals think they are facing an ideologically driven campaign

Chrétien clearly hopes to avoid an explosive debate on the shadowy politics of federal largesse by focusing on job creation. But whether even well-managed grants to business are the right way to stimulate employment is itself a hotly disputed notion. The Ekos study asked the people running projects supported by the Transitional Jobs Fund if they would have gone ahead with their proposal if they were denied a federal grant. Remarkably, 42 per cent said their projects would have proceeded even without Ottawa's support, although many added that getting TJF money allowed them to move more quickly or hire more workers than they might have otherwise. As well, the report raised nagging questions about the way government agencies' aims overlap—allowing those seeking support to shop around. Ekos said a "commonly reported weakness" was that because TJF grants do not have to be repaid, companies tend to pursue funding under that program rather than accept repayable contributions from federal regional development agencies and the provinces.

In their heady early days of deficit-cutting, the Liberals seemed to be backing away from all the pitfalls long associated with job-creation subsidies. In his landmark 1995 budget, Finance Minister Paul Martin quoted approvingly from an Organization for Economic Co-operation and Development report: "Subsidies tend to operate in exactly the opposite way from what is needed: they slow rather than stimulate adjustment; they discourage rather than encourage innovation, and they tend to become permanent." That last point, at least, seems to have been borne out. TJF was created in 1996 as a three-year cushion to help communities struggling to adjust to tighter Employment Insurance rules brought in by the Liberals. But instead of disappearing after the "transition," the fund was renamed last year and made permanent as the Canada Jobs Fund—with its annual budget boosted to $110 million.

Stewart is making no apologies for entrenching that program—or for any other grant funds. "When you go into a community like Cochrane," she said, "where they have been struggling with high unemployment, we make a difference—diversify the economy, give them a new experience, hopefully be a catalyst for something else." For Stewart, the strategy for what promises to be a tough grilling when the House resumes sitting this week is clear: the spending is worthy, it's just the accounting that needs fixing. But not everyone, even among government supporters, is taking comfort from that stance. As Martin prepares to table his year 2000 budget on Feb. 28, his officials are now bracing for every spending item to come under tougher scrutiny than ever. Their strategy, too, is clear. "Let's face it," one Martin adviser said last week, "the message has got to be tax cuts." Until that message gets delivered, though, it seems the government will be forced to defend the way it spends—as never before. m

Countdown to a Liberal scandal

October, 1997 After a seven-month investigation, the RCMP charge former Liberal fundraiser Pierre Corbeil with four counts of influence-peddling for seeking party contributions in exchange for grants from Human Resources Development Canada's Transitional Jobs Fund. Corbeil eventually pleads guilty.

February, 1998 HRDC's audit committee proposes an internal TJF audit. It is approved six months later.

Jan. 18, 1999 Mel Cappe, deputy minister at HRDC, is promoted to clerk of the Privy Council, the top civil servant.

February-March, 1999 Renewed controversy erupts over TJF grants in the Prime Minister's Saint-Maurice constituency.

May, 1999 An interim report from auditors outlining mismanagement goes to the department's audit committee.



July, 1999 Cappe and top officials in the Privy Council Office are told of the interim report and its contents.

Aug. 3, 1999 Jane Stewart becomes HRDC minister, replacing Pierre Pettigrew; briefing notes warn her of administrative problems but contain no mention of an audit.

Oct. 5, 1999 The completed audit, delivered to HRDC management, says $1 billion in grants may be compromised.

Nov. 3, 1999 Stewart tells Parliament that the programs "were being managed appropriately."

Nov. 17, 1999 Stewart is apprised of the audit.

Dec. 1, 1999 Stewart again extols the job program in the House.

Jan. 11, 2000 The Prime Minister is told of the audit report.

Jan. 19, 2000 Stewart releases the audit report on the same day that the government announces its short-lived NHL subsidy.

Big gains from a small investment



Hipkin: a helping hand that he says 'put us over the hump'

Jim Hipkin throws open a wide door in his shop and gazes upon his own field of dreams: dozens of gleaming Harley-Davidsons. Hipkin, 53, started riding the famous motorcycles more than 30 years ago. The love affair grew, and for years he tenderly repaired friends' Harleys in a shop in his backyard in Brantford, Ont. "I was fixing them anyway," recalled Hipkin as he polished the chrome on a motorcycle. "So I thought I might as well make some money at it." He and his wife, Dale, 48, then made a tough decision—mortgaging their home to finance the business—and, in 1997, opened Hip's Cycle near the city's core. Short on money, Hipkin turned to Human Resources Development Canada's Targeted Wage Subsidies program, under which the government encourages the hiring of employees, who then get valuable experience. Hipkin received $2,500 to help subsidize the wages he would have to pay to attract a quality worker. "I do not think I would have made it without that help," said Hipkin. "It put us over the hump."

Since then, he has not looked back. He and his son, Jon, now customize and repair Harley-Davidsons from across a wide area of southwest Ontario. And Hipkin does not understand what the outcry over the program is about. Dozens of forms had to be filled out before the new worker arrived. He also points out that the small amount of money he received not only helped out his firm—but gave his new worker a chance to get back on his feet. His recruit stayed with the shop for about three months, then found a better job—in part, Hipkin believes, because of the experience he gained at the shop.

Most small companies, Jon Hipkin points out, pay thousands in taxes and do not often turn to the government. "You don't get much help from the government on most days," he says. And the Hipkins do not expect much in the future.

T.F.

A project under federal scrutiny

The staff at the Greater Fredericton Economic Development Corp. was puzzled last week when officials from Human Resources Development Canada called to say they wanted to review the records for a 1997 job-training project the development agency ran with $233,000 in federal government funds. The project was straightforward—a youth entrepreneurship program designed to help under-30s in the Fredericton area with a bent for business. But now, it is one of 37 job-creation programs placed under special scrutiny by officials of the besieged federal department.

During its six-month lifespan, 17 young people went through the entrepreneurship program, which provided training and advice on a variety of fundamentals—everything from coming up with a business idea to drafting a workable business plan. "It was extremely successful," stresses Jacques Dubé, the development corporation's president and general manager. And, he adds, "When it was over, some of the participants discovered business wasn't for them, but others kept going and some took their ideas and went to work for someone else."

Dubé says the economic development corporation, which has an annual budget of $1 million and administers five or six programs annually to help businesses grow or to foster entrepreneurship locally, submitted monthly claims to the federal department during the life of the project to show how the money was being spent. He also noted that no irregularities were discovered when the youth project underwent routine scrutiny by an independent auditor. "We're not worried. We did everything by the book," he declared. That may well be. The question is more whether anyone in the federal government bothered to look.

John DeMont

A Case of Business as Usual

For Prime Minister Jean Chrétien, government grants are a way of political life



Tim Hanson/CP

Chrétien: more likely to boast than apologize

By Bruce Wallace

If anyone is looking for an act of contrition from the Liberal government over the unaccounted millions of dollars that seeped through the federal human resources department, don't expect Jean Chrétien to deliver it. The Prime Minister's reaction to trouble last week was anything but apologetic. Coming out of a Liberal caucus meeting in Ottawa, Chrétien stubbornly defended the programs that are at the heart of the criticism buffeting his government. "When we have money for the creation of jobs for young people, creation of jobs for the unemployed, training for those who want to improve their situation so they will be able to earn money later, I will not apologize," he declared. With that, Chrétien signalled he was applying his usual damage-control techniques: ministers will be defended, problems minimized, mistakes never admitted.

Whether that approach will, in this case, satisfy Canadians remains to be seen. This is not the first government to be caught wasting taxpayers' money, but it is the first such scandal to break in a political environment of public sector belt-tightening and an overstressed health-care system. Chrétien's defence of Ottawa helping students get that hard-to-find summer job will have to compete with television images of Wiarton Willie the groundhog and his handler's federally sponsored $50,000-a-year budget. Mindful of the potential for a huge backlash, the Liberals adopted a strategy aimed at getting the focus off the mismanaged money, and onto what they saw as the safer ideological debate over whether government should be spending money to create jobs at all.

Chrétien leaves no doubt he is comfortable arguing the latter. "If you are a supporter of the party that wants to reduce the taxes of the rich and cut the money of the poor, fine," he snapped. "I'm a Liberal. I'm not like that." Despite years of deficit fighting, job-creation programs have flourished under the Chrétien Liberals. "The Prime Minister would not show callous indifference to a program with flaws," says prominent Ontario Liberal and Chrétien ally David Smith. "But he thinks these kinds of programs are, from time to time, a legitimate exercise for the federal government." And Liberal MPs enthusiastically welcome the chance to sprinkle federal cheques around their ridings. Aides also say Chrétien is very comfortable ordering senior officials not to throw up undue constraints on MPs trying to push projects through the bureaucracy for their constituency.

If that smacks of "old politics"—and even some of Chrétien's friends acknowledge it does—it does not unsettle the Prime Minister. He is more likely to boast than apologize for the millions of dollars of job creation grants that have flowed to his Saint-Maurice riding—some to finance dubious hotel projects. While aides urge the wisdom of investing in more proven schemes such as telephone call centres, Chrétien persists in his long-held—if economically questionable—belief that building hotels will boost tourism and combat unemployment in his depressed home region. In fact, if the Chrétien entourage betrayed any frustration last week, it was over Human Resources Minister Jane Stewart's initially scathing descriptions of the mismanagement in her department. She broke one of Chrétien's cardinal rules: downplay problems.

But the unfolding drama does have one twist not usually found in the Prime Minister's crisis-management script. Chrétien prefers to let ministers battle their own way out of trouble. By stepping in to rescue a floundering Stewart on live television last week, the Prime Minister has now put *his* credibility on the line. It may have been an instinctive act—the Prime Minister drawn in by his personal feelings towards Stewart, whose father, former Ontario Liberal leader Robert Nixon, is a close friend. Or Chrétien may have simply felt the need to take control of a spiralling crisis that threatened his government's reputation for fiscal probity and competence. Whatever the reason for throwing Stewart a lifeline, Chrétien now finds himself in the path of a gathering storm, his own fortunes more closely tied to the damage it leaves behind. ■



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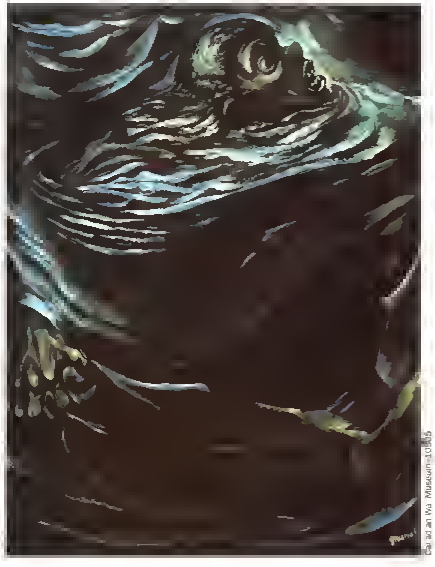
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The Art of War

The Canadian War Museum mounts an ambitious exhibition of paintings that have not been seen for decades





Drowning Soldier *by Jack Nichols, 1946,* Reinforcements Moving up the Ortona Salient *by Lawren Phillips Harris, 1946 (right): a forthcoming North American tour for paintings that were scattered across Ottawa in various storage rooms, stuffed into the recesses of national memory*

By Bruce Wallace

Rebecca Renner clearly remembers the morning last year when she gently swabbed away the veil of dirt and grime that clouded Quebec impressionist painter Maurice Cullen's massive 1918 battlefield scene *The Cambrai Road.* Cullen's canvas portrayed a blasted First World War landscape of men and mud and rubble, and Renner, an Ottawa conservator, dabbed carefully at the brush strokes with a cotton tip to get them clean. "I had my face pressed close to the canvas to make sure I wouldn't scrape any paint away," Renner recalls of her work on one of the 60 or so paintings she helped restore for an ambitious new exhibition of Canadian war art opening in Ottawa on Feb. 11. "Suddenly I realized, 'Oh my goodness, that's a dead body there.'" Renner let out a cry and recoiled in horror. "Cullen *wanted* to surprise you," she says. "He wanted your eyes to come across that body sticking out of the mud just as you would if you were walking by."

Along with 71 other works, Cullen's grim vista of death is part of the exhibition called Canvas of War, which will be on display at the Canadian Museum of Civilization in Hull until Jan. 7, 2001, before leaving the capital for a North American tour next year. Many of the paintings have not been shown in public for generations. They were scattered across Ottawa in various storage rooms, stuffed into the recesses of national memory. But the collection includes works by some of Canada's greatest artists: Group of Seven painters A. Y. Jackson and Frederick Varley from the First World War, Alex Colville and Charles Comfort from the Second. Their re-emergence now is the cornerstone of the tiny Canadian War Museum's attempt to prove the country's military history can tug the public imagination, as it asks Ottawa for up to $58 million to build a new museum.

The collection itself has a remarkable history. The First World War paintings were commissioned by Max Aitken, the newspaper baron who later became Lord Beaverbrook and who created the first corps of war artists virtually through sheer personal insistence. The first paintings of Canadians in action were done by Europeans. But by 1917, Jackson—who had been wounded a year earlier as a soldier—arrived in Europe as the first Canadian war artist. Others followed to paint a war that by then had long lost any allure of glory. Works such as Varley's wrenching *For What?,* with its bodies piled in a horse cart awaiting burial, captured its horror.

The Canadians mostly shunned painting in the older Euro-





pean style, which tended to represent war as a heroic tradition. Jackson dismissed the old school as the "futility of fine craftsmanship used without passion." Instead, the Canadians experimented with the modernism that later became a hallmark of the Group of Seven. "What we are revealing is the role of war in developing Canadian art," says Laura Brandon, the quiet but enthusiastic curator of the exhibit. "We have created a national myth that the art of the Group of Seven sprang from the Canadian land. But you can see elements of the destruction and the barrenness of the bombarded Western Front in their great landscape paintings. Ignoring those origins is a disservice to our art history."

Jackson seemed to share that opinion at the time. "That this collection will influence contemporary art in Canada seems obvious enough," he remarked when the First World War paintings were first exhibited in Toronto in 1920. That show was well-received, but the collection was soon packed away and forgotten. Politicians fended off Beaverbrook's dream of building a new war memorial art gallery in Ottawa to permanently display the works. "We have a historical tendency to turn away from wars once they're over, not to celebrate them," notes Victor Suthren, a former director of the war museum. "Instead, we see ourselves as compassionate about the suffering war causes."

The Second World War was not set to canvas by Canadians until Ottawa finally enlisted 31 artists in 1943. They were instructed to record the war with as much attention to accuracy as possible, though many found ways to leave a more creative legacy. They were also brave. Orville Fisher sketched on the French beaches on D-Day. Colville followed the troops into the liberated concentration camp at Belsen and emerged to paint nightmarish visions of its obscenity.

But public interest was muted. Both war collections were transferred to the National Gallery in 1946, where they remained mostly in storage. By 1971, at the height of anti-Vietnam War fervour, the gallery simply gave the war museum all but a few pieces. There were mutterings in high art circles that the art was bad. War museum officials, like its current aggressive director Jack Granatstein, counter that the collection was a victim of political correctness in a country where the cultural establishment has been uncomfortable with the mere subject.

With this exhibit, Granatstein is gambling that attitude is waning. Carefully, the museum has weighted Canvas of War towards paintings showing the bleakness of war. But will it fly? "The challenge facing the museum is whether this war art will seem as obsolete as a baroque string quartet to a generation raised on video images," says Suthren. On the other hand, the TV images from this winter's Chechen war recall early 20th-century newsreels—flattened buildings and endless mud. It is a reminder that war is one of the few constants of the ages. These paintings represent the Canadian experience with it, showing, as Jackson wrote: "Just the stark naked fact that war is here, bereft of all glory, and that its aftermath is misery and filth." m

Instructed to record the war as accurately possible, many artists found ways to leave a much more creative legacy







Colville in 1945; his Infantry near Nijmegen, *1946 (right) following the troops into a liberated concentration camp and emerging to paint nightmarish visions*

Charge of Flowerdew's Squadron *by Sir Alfred Munnings, c. 1918 (top left)*

Battle for Carpiquet Airfield *by Orville Fisher, 1946 (above)*

Canadian Gunners in the Mud, Passchendaele *by Alfred Bastien, 1918 (left)*

There have been mutterings in high art circles that the art was bad—but officials at the Canadian War Museum, like its current aggressive director Jack Granatstein, say that the collection was a victim of political correctness in a country where the cultural establishment has been uncomfortable with the mere subject of war

Reclaiming a hard past

Nova Scotia blacks celebrate a historic community

By John DeMont



Gallion arriving in a land of new opportunity and quickly finding heartbreak

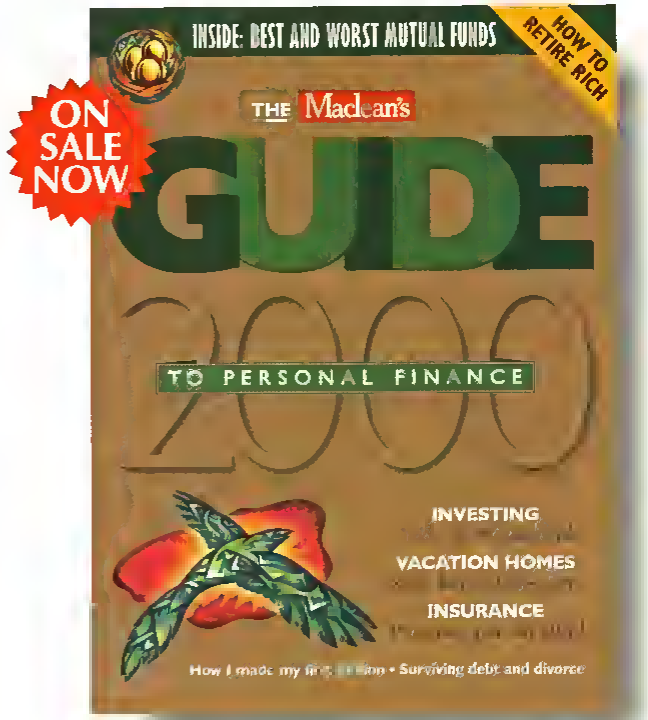
Richard Gallion made his way across the old hardscrabble burial ground last week and scanned the calm waters off Birchtown, N.S. The retired Ontario Provincial Police officer was trying to imagine that moment more than 200 years ago when his ancestors looked out from the ship's deck towards the land where he now stood. Freed black slaves, they had crossed over to the British side and fought against the rebels during the American War of Independence. Afterward, they joined the armada of 3,500 blacks who escaped from New York in 1783, many of them bound for the south shore of Nova Scotia, where thousands of white Loyalists were also settling. Many of them had a certificate signed by British general Samuel Birch guaranteeing their freedom—and a promise that a small plot of land would be waiting for them in what was to be the largest settlement of free blacks outside of Africa. "Hard to imagine what was going through their minds," said Gallion, 57, "how excited they were."

And quickly heartbroken. Few of the more than 2,700 ex-slaves found land waiting when they disembarked. The black Loyalists were left to work the rocky, barren soil near the shantytown they erected—named in Birch's honour—or to otherwise eke out a living. Black diarists told of people falling dead in the streets from starvation, or reduced to eating dogs and cats to stave off hunger. In nearby Shelburne, blacks were shackled and whipped for being idle or stubborn, and jailed for attending a "negro frolick"—a dance. And, in what is thought to be North America's first modern race riot, blacks who had settled in Shelburne were chased to Birchtown by club-wielding whites, who pulled down many of their homes.

By 1792, many of the Loyalist blacks had had enough: more than 1,000 boarded ships bound for the west coast of Africa, where they helped establish the free black colony of Sierra Leone. Birchtown was left to die a slow death—today, fewer than 200 people, most of them white, live there. When Gallion was growing up in Shelburne, high-school history books were silent about Birchtown. And the local black community had only vague knowledge, passed by word of mouth, of their Loyalist forebears.

But Nova Scotia's black population has worked hard to rescue Birchtown's saga from obscurity. In 1989, a handful of Birchtown descendants got together to discuss the possibility of establishing a small memorial park on the site thought to be the old black burial ground. Plans to rescue Birchtown's history from obscurity were further hastened by the municipality of Shelburne's contentious 1992 proposal to establish a landfill just outside of Birchtown. "We had to do something," recalled Elizabeth Cromwell, Gallion's sister, a social worker who still lives in Birchtown. "The community came together." They marched to protest the proposed landfill and hired archeologists to conduct a survey of Birchtown. The municipality eventually gave up on the idea of putting the dump there.

Last week, as African Heritage Month kicked off in Nova Scotia and across North America, the descendants of black Loyalists seemed to be reclaiming their birthright. In Shelburne, at the offices of the Black Loyalist Heritage Society, volunteers were on the telephone, adding names from across North America to a registry of people descending from the first settlers in the area. And back in Birchtown, Gallion drove past the spot where archeologists had investigated the site of a home built by Stephen Blucke, a colonel in a black brigade during the Revolutionary War, finding some 16,000 artifacts. Aided by $217,000 in funding that the Nova Scotia and federal governments announced last month to help make Birchtown an official historic site, the Black Loyalist Heritage Society has big plans. Ultimately, it wants to build a resource centre in Birchtown, which would even house a DNA library and lab. In Birchtown, after all these years, a piece of almost-forgotten history is being pulled back into the light. m



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A demand for more money

Canada's premiers met in Quebec City and demanded that Ottawa put up to $6.3 billion in renewed funding into the health-care system. The meeting also featured Quebec premier and host Lucien Bouchard praising Tommy Douglas, former premier of Saskatchewan and founder of medicare. But when pro-medicare activists, including Douglas's daughter Shirley and members of the Canadian Union of Public Employees, appeared at the meeting, Alberta Premier Ralph Klein stayed out of the room. Klein, who is proposing a degree of health-care privatization in his province, is engaged in a war of words with CUPE.

Merchant marine victory

Ottawa announced a $50-million compensation package for members of Canada's merchant marine who saw service during wartime. "It's been a long time coming," said Aurele Furlatte, head of the 1,800-member Canadian Merchant Marine Veterans Association. "I only feel so sorry that a lot of the people who started this are not here today."

Pit Bull steps down

William (Pit Bull) Johnson, the controversial head of the anglo rights group Alliance Quebec, announced he is stepping down. "There is a time for a bulldozer and there is a time for a diplomat, and maybe it's time for a diplomat," he said. During his two years at the helm of Alliance Quebec, Johnson alienated some moderate anglophones in the province because of his confrontational style with the Quebec government.

Calling for compensation

Former B.C. NDP premier Dave Barrett, the head of an inquiry into the province's leaky-condominium scandal, called for $900 million in compensation for owners of damaged property. One-third, he said, should come from Ottawa, another third from the province, and the remainder from a levy on new construction over the next 10 years. The scandal dates back to the boom of the early 1990s, which saw the construction of many substandard units in the province.



Hot wheels at the war museum

Historian Jack Granatstein, the head of the cash-strapped Canadian War Museum, said that one possible way to raise funds for the institution would be to sell a black Mercedes-Benz in its collection that once belonged to Adolf Hitler. But he acknowledged that selling the 4,100-kg bulletproof limousine could be problematical, because the vehicle could be "a powerful icon for a neo-Nazi group."

A new party's stumbling first steps

It was the sort of publicity that the aspiring leader of a new political movement could have done without. One day after Reform Leader Preston Manning emerged from a weekend convention with a mandate to create a new right-wing United Alternative party, Reformers had to hurriedly change its name. The problem: adding the word "party" to the Canadian Conservative Reform Alliance would have produced the acronym CCRAP—leading Prime Minister Jean Chrétien to joke that the new organization had a name that could not be said in front of children. The new name: the Canadian Reform Conservative Alliance.

Meanwhile, rifts continued to widen in Reform when Manning fired his House leader, Randy White. Manning said White had not been a team player; the B.C. MP had been lukewarm in his support for the United Alternative, and critical of Manning's tactics. White promised to work against Manning in the leadership race for the new party. First, though, Reformers must endorse the alliance in a referendum to be completed in March. Should they vote against establishing a new party, Manning has promised to step down from the helm of Reform.

Backing down on Operation True Blue

The Toronto Police Association abandoned its controversial Operation True Blue campaign, which solicited donations for, among other things, police union activities against unfriendly politicians. The move came after weeks of public uproar, a new bylaw banning the campaign—even a televised interview in which deputy chief Robert Kerr, close to tears, said he was frightened by the union and had heard it planned to blackmail him. Mayor Mel Lastman blasted the union, saying it has "tainted the reputation" of a great police force.

McCain's Magic

First, the upstart Republican crushed his opponent in New Hampshire. Now, he's proving a real contender in 'Bush country'

By **Andrew Phillips** in Manchester, N.H.

It is an established custom of the American political season that everyone gets out of Dodge the moment the shooting stops. Once the votes are counted, winners and losers alike jet off to the next battlefield to glory in victory or shake off the dust of defeat as quickly as possible. So it was last week as the victors and vanquished of New Hampshire hightailed it to South Carolina for middle-of-the-night rallies, as if a few hours' sleep would amount to a confession of weakness. For George W. Bush, fresh from his rout at the hands of Republican maverick John McCain, the change of scene could not come fast enough. "It feels warmer here, if you know what I mean," the chastened Texas governor told supporters.

New Hampshire's voters shot McCain out of a cannon, giving him an astonishing 18-point victory over Bush in the fight for the Republican presidential nomination. At the same time, Vice-President Al Gore narrowly beat challenger Bill Bradley among Democrats, but that was reduced to a sideshow as McCain trounced the man who was supposed to stroll to his party's nomination. The Arizona senator's organizers had expected good news—but a win of perhaps five percentage points. "Are you kidding?" responded John Weaver, McCain's political director, when asked if he had been ready for anything like the 49-to-31-per-cent blowout that he scored over Bush. "Nobody saw this coming."



Bush: the gloves come off as the race moves on to South Carolina

Especially Bush, whose campaign had been built on the presumption that he is the inevitable Republican nominee. He has more money than anyone else ($31 million U.S. in the bank), his father's famous name and political network, and the backing of the Republican establishment. That did him little good among the unpredictable folk of New Hampshire, where independent voters joined Republicans in backing the underfunded outsider, McCain. Typical was Collette Haasnoot, a 49-year-old bookkeeper in the picture-postcard village of Bow who liked Bush but went for McCain. "Bush is too sure of himself," Haasnoot said after voting at the fire hall. "He needs to be brought down a peg or two." The Manchester *Union Leader*, the state's leading paper, put it like this: "New Hampshire voters have shown that the emperor has no clothes."

No surprise, then, that Bush was glad to get to the friendlier territory of South Carolina, whose Republican voters are considered more receptive to his mainstream conservative message and more likely to follow party leaders in backing a front-runner. At least that was the conventional wisdom until McCain's upset. South Carolina was supposed to be Bush's "firewall"—the reliable place he could count on to extinguish McCain's insurgent candidacy. But it was already clear last week that New Hampshire had given McCain an enormous boost. Two new polls showed he had erased Bush's 20-point lead in South Carolina and was running even with him.

Just as important, McCain became an instant celebrity after a result that provided the first genuine excitement in an otherwise ho-hum political season. More than any other candidate, he seems to have captured voters' yearning for direct, honest speech after the scandals and public lies of the Clinton years. His supporters call him the "anti-Clinton"—unvarnished, unpredictable, unprogrammed. However overblown, it is a potent draw that is translating into votes and money. In a first for a major candidate, his campaign Web site became a major source of instant cash, with contributors pouring in $810,000 in the two days following his victory. He will need all that and more to compete with Bush, who has solid organizations in almost every state, as well as his enormous war chest.

Bush's strategy is to paint McCain as a quasi-liberal, soft on bedrock Republican issues like tax cuts and ending abortion. And in fact, McCain has broken with party orthodoxy by proposing smaller tax cuts than Bush, proposing instead to shore up the social security system and pay down government debt. His signature issue of curbing the influence of money in politics and his well-publicized record of endurance as a prisoner of war in Vietnam also make him attractive to moderates. His supporters argue that is a winning combination, similar to Ronald Reagan's broad appeal. "John McCain reaches out to conservatives and independents," said Lindsey Graham, a South Carolina congressman who is his leading supporter in the state. "That's the Reagan formula."



McCain and his wife, Cindy, in a confetti shower overshadowing the Democrats' primary with a huge margin of victory

Still, Republican power brokers have nailed their colours so firmly to Bush's mast that a McCain victory would amount to a stinging repudiation. Already last week they were attacking McCain personally, trashing him as a Washington insider whose vaunted image as a man of unimpeachable integrity is bogus. David Beasley, a former South Carolina governor and leading Bush backer, accused McCain of cozying up to big corporations as chairman of the Senate commerce committee, and aimed the ultimate Republican insult at him: "This guy is Clintonesque." The gloves, it was plain, were off.

South Carolina's Republican primary on Feb. 19 now becomes the key showdown between the two men. The Texan's early confidence about the state was based on its long-standing tradition of reliable conservative voting and old-South traditions, symbolized by the Confederate flag that flies atop the statehouse in the capital, Columbia. It also consistently backed his father, the former president, leading George W. to describe South Carolina as "Bush country." A third of Republicans in the state describe themselves as Christian conservatives, compared with just 16 per cent in New Hampshire. Bush's first appearance there last week, in fact, was at Bob Jones University, a fundamentalist college so hidebound that it still forbids interracial dating among its students. The governor used the word "conservative" six times in less than a minute. "It's a different world down here," he said with evident relief. "It's a state that embraces conservative values."

Bush's campaign is expected to woo the Christian vote by arguing that McCain is not reliably pro-life. In fact, the Arizonan opposes legalized abortion, but favours amending the Republican platform to make exceptions for rape, incest and threats to a mother's health. Anti-abortion groups also oppose his signature issue—tighter controls on the way political campaigns are financed—because they fear it would make it more difficult for them to influence candidates. Still, McCain has advantages of his own in South Carolina. It has the highest proportion of military veterans of any state—400,000 in all—and the senator has used his saga as a POW in Vietnam to enlist their support. When he appeared at a victory rally in New Hampshire, the stage was decorated with a blown-up photo of the senator as a hunky flyboy posing in combat gear with his A-4 Skyhawk bomber.

McCain's upset overshadowed the other result in New Hampshire—Gore's narrow victory over former New Jersey senator Bradley. Gore drew 52 per cent of votes among Democrats to Bradley's 47 per cent, a result close enough to allow the onetime basketball legend to continue his challenge. The Democrats, though, have no primaries until March 7, the so-called Super Tuesday when voters in 11 states including New York and California cast ballots. By then, it will be clear whether McCain's upset over Bush was an aberration or the start of something truly big. m



World

A victory that brings no peace

The Chechen rebels are bloodied but unbowed as their city falls

Malcolm Gray in Moscow

The Chechen rebels slipped into the snowy southern mountains, beating a retreat ahead of the Russian soldiers who last week reclaimed the smouldering ruins of the regional capital of Grozny. But not all of the rebels got out before their enemy's arrival. Some fighters who left after the fact spoke of taking an escape route that turned out to be mined—and of the horror of stepping over the bodies of fallen comrades while dreading every footfall.

Along that bloody trail, about 600 Chechen fighters are reported to have been killed or mutilated. With this botched exit and the fall of Grozny, some Russian officers now speak about crushing all resistance and of postwar plans to station a division of troops and special police units in Chechnya. But many—even among the rank and file of the conquering forces—do not think this war is about to end. "There is no simple military solution to the Chechen problem," said Dimitri Trenin, a prominent defence analyst in Moscow. "The war could last for another three to five years."

While the rebels have been forced to move farther south in a region only roughly a quarter the size of Nova Scotia, they remain entrenched in their resolve to fight on—even making brash threats to widen the war by attacking cities across Russia. In Moscow, acting Russian President Vladimir Putin is dug in as well, refusing to seek a political settlement with rebel leaders, and freshly bolstered by Grozny's capture after five weeks of savage fighting.

A trip through Russian-controlled



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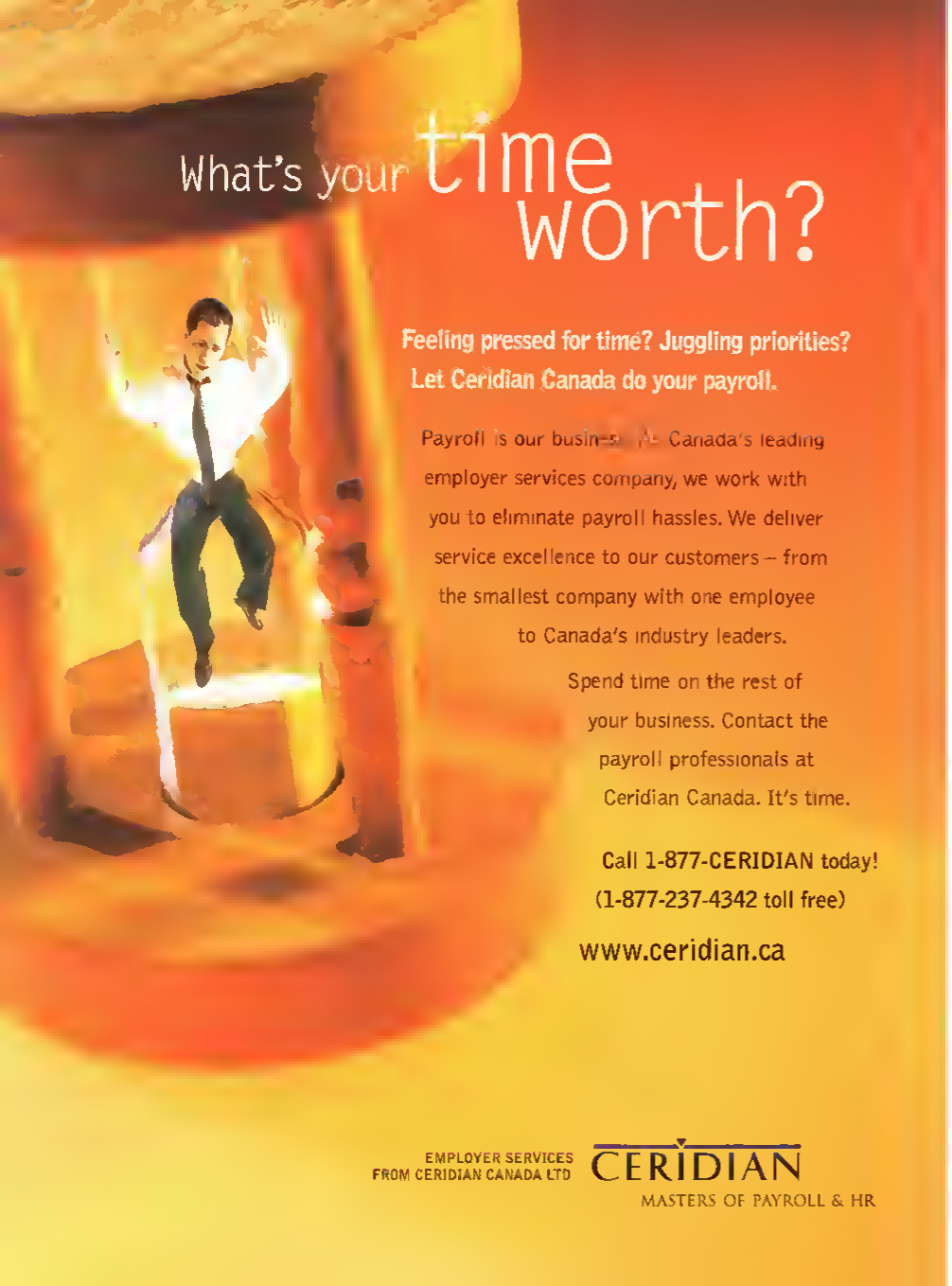
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Russian soldiers in Grozny, a mounting death toll in a war of guerrilla tactics

Chechnya not long before the fall of the capital showed the difficulty of resolving this situation, even in areas where there is no combat. Unlike in Grozny, the Russian army simply rolled into neighbouring Gudermes in mid-November, hardly firing a shot, after local authorities persuaded outgunned rebel fighters to withdraw. But many residents of the rundown industrial centre of 60,000, located just 35 km east of the capital, regard the soldiers as an occupying force. "I wish they would leave us in peace, but that isn't likely to happen," said Akhmed, an unemployed electrician who was helping his wife sell homemade bread in the town market. He had spent several fruitless hours scavenging for firewood outside the city. "All the trees near the road have been chopped down and it can be dangerous in the countryside," Akhmed said. "Russian helicopters sometimes fire on people they suspect of being fighters."

That danger didn't deter several vendors at the side of the road leading out of the city. "This is a commercial war," hissed a woman selling giant glass jars of crude homemade gasoline. "Russia wants to hold on to Chechnya because of its oil," she said, admiring her fuel had been produced from oil siphoned illegally from a pipeline.

In the Communist-era Young Pioneers' building housing Mayor Marbila Gezemyeva's office, the rumble of the big guns pounding Grozny could be heard. Men in Gudermes turned down the mayor's job for fear of reprisals from Chechen rebels. But not Gezemyeva, who said: "I am afraid only of God." In the manner of the school director she was for 26 years, she rhymed off the benefits that Russian reoccupation has brought—"we have light and heat again and we are rebuilding normal lives."

But her upbeat assessment is rare in what the Russians call liberated Chechnya. "They have promised so much and delivered so little," said a woman who wore sandals over socks on a cold, snowy day. She was part of a small crowd that had gathered outside the town's administrative centre to protest the lack of services. "I don't know anyone," she said, "who has received a kopeck in pensions or any other social benefits from Moscow."

In the city's shabby central hospital, Kometa Resheyeva paced worriedly between the beds where her two sons and a daughter, ranging in age from 7 to 14, lay with heavily bandaged legs. They had stumbled across a Russian shell or a mine. "It is mainly civilians who are getting killed and wounded in this war," she said. Nearby, a nurse wept openly. "We can do so little," she said. "The Russian authorities have told us they would provide anesthetics and other medicines that we need, but we have received almost nothing."

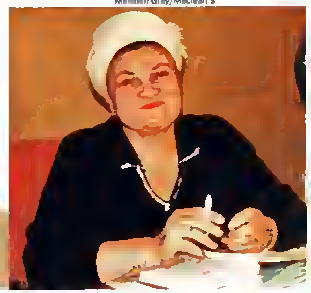
In Moscow last week, Putin said that somehow his cash-strapped government would find the money needed to rebuild the shattered province—and grant it more autonomy within Russia. But he also remained steadfast on the subject of talks, rejecting visiting U.S. Secretary of State Madeline Albright's urgings to open negotiations with rebel leaders. As for the Russian military, says Alexei Malashenko, a specialist on Chechnya with the Carnegie Endowment for Peace in Moscow, its job in this war remains simple. "Just win. Beyond that," he says, "no one has made any plans."

The young conscripts who make up the bulk of the 100,000-member federal force in Chechnya say no part of the breakaway province is really secure for them. In Grozny, about 3,000 rebels armed with rifles and grenade launchers for weeks held off the Russian offensive backed by tanks, artillery and air power.

Around the shell-battered highrises of the central Minutka Square, groups of Chechen fighters had vanished quickly, controlling the strategic traffic circle. "Roach tactics" is the term the Russians used to describe how the Chechens scuttled away only to circle back and ambush federal forces from the rear. Those hit-and-run techniques have set nerves on edge throughout Russian-occupied Chechnya. And the rebels acknowledge they have been trying to reduce Russian support for the war by killing as many soldiers as they can. (Russian ministry of defence officials say 500 servicemen were killed in the battle for Grozny alone, although unofficially some say the number of Russian dead is at least three times that.)



Malcolm Gray/Maclean's


Gezemyeva, the pro-Russian mayor of Gudermes: 'I am afraid only of God'

The generals who have recaptured Grozny say they plan to push the retreating rebels farther south, into the mountains bordering Georgia and neighbouring Dagestan. Still, servicemen of all ranks recall that the Russians stationed 10,000 soldiers in Grozny after they retook the city in 1995. Because they failed to eliminate strongholds in the mountains, the Russians lost the city—and the war—when a rebel force half that size swept down and drove them from Grozny. The Russians insist they won't make that mistake again. But in mountains and villages across this region, there are 16,000 Chechen fighters determined to prove them wrong.



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At the brink of collapse

Arms report may shred Northern Ireland's solution

By all accounts, John de Chastelain's long-awaited report was thorough, and brutally frank. The retired Canadian general is understood to have painted as optimistic a picture as possible of the effort to permanently silence the guns in Northern Ireland. He told British Prime Minister Tony Blair and his Irish counterpart, Bertie Ahern, that there were some "positive factors," not least the Irish Republican Army's "unequivocal support" for the tortured political peace process in the troubled province. But de Chastelain made no attempt to evade bleak reality. With one minor exception, neither the IRA nor any of Ulster's other paramilitary bands have yet surrendered any arms—not a gun, not a grenade, not a single bullet

It was not what Blair and Ahern wanted to hear. For the two leaders, de Chastelain's news was so upsetting that the report he delivered in the early hours of last Tuesday remained unpublished at week's end. But the shock it created continues to reverberate, threatening to demolish the edifice that finally offered a promise of peace to Northern Ireland. Barely two months after the feuding Catholic and Protestant communities began to share political power in a 108-member elected assembly and a 12-member executive, the endeavour is on the brink of collapse. "It's all hanging by a thread," warned a sombre Blair. "We are in a moment of crisis, a serious crisis."

At issue is the IRA's continuing refusal to "decommission" any of its arms before the May 22 deadline envisioned in the 1998 Good Friday Agreement that created the Northern Ireland assembly and executive. Last November, Ulster Unionist Leader David Trimble won the agreement of his reluctant Protestant party to join that executive, vowing to resign as Northern Ireland First Minister if the IRA had not made a start on scrapping its arsenal by February. When de Chastelain, chairman of the body charged with monitoring the decommissioning process, issued his damning report, Trimble signalled his intention to step down, a move that would almost certainly cripple, probably permanently, the entire peace process.

Last week, the authorities in London, Dublin, Belfast and even Washington embarked on a frantic salvage effort. In London, the British government introduced legislation in the House of Commons to restore direct rule in Ulster, suspending the province's assembly and executive by the end of this week unless there is at least a gesture from the IRA. In Dublin, Ahern initiated direct discussions with the IRA's shadowy leadership and with Sinn Fein, the political wing. Washington pitched in with appeals to both sides in Northern Ireland as well to the IRA's supporters in the United States. And in Belfast, Trimble and his Ulster Unionists were being urged to accept some kind of compromise short of an actual arms surrender

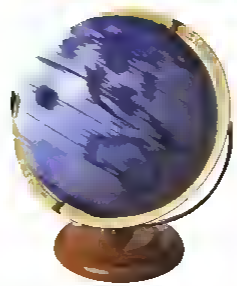

Peter Morrison/AP

Trimble: vowing to quit unless IRA scraps its guns

As for de Chastelain, despite the death in Canada last month of his 89-year-old mother, the general has agreed to stand by on the chance, admittedly slim, that he can offer a more promising view of Northern Ireland's future

Barry Came *in London*

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Andrew Phillips

Unwanted attention

Canadians often fret that Americans don't pay us enough attention. We shouldn't. Just look what happens when one influential American gets juiced about his northern neighbour.

Lamar Smith, a Republican congressman from south Texas, is Exhibit A for those who argue that Canadians are better off being overlooked in the United States. He's the very model of a modern Republican: polite to a fault, a practising Christian Scientist whose only concession to quirkiness is his friendship with fellow Texan Kinky Friedman, the country-singer-turned-mystery-writer who once led a band known as much for its outrageous name—the Texas Jewboys—as for its music.

When Mr. Smith went to Washington in 1987, he busied himself with causes dear to the hearts of conservative southerners like himself—promoting sexual abstinence among teens, stopping HIV-positive foreigners from attending the Gay Games, that sort of thing. But when Newt Gingrich's Republican shock troops took over the House of Representatives in 1995, Smith took over a subcommittee dealing with a weightier issue: immigration. And in that capacity he has taken a lively interest in Canada. Canadian officials fervently wish he would stop.



Denis Paquin/AP

Smith: concerns about 'the northern border'

Immigration is a big issue in Texas, and no wonder. Illegal immigrants and drugs flood across from Mexico, and Smith was the main author of a 1996 federal law designed to reinforce the U.S. border, set lower immigration levels and crack down on illegals. Anti-immigrant sentiment was running high, and Smith's law captured that sour mood.

No one at the time thought it had much to do with Canada. But lately Smith has been banging the drum for much tighter controls along what Americans call "the northern border." He started last spring, holding a hearing at which witnesses darkly warned of drugs, terrorists and illegals infiltrating across the lightly patrolled northern frontier. The Clinton administration brushed off the complaints, and even stalled implementation of a section of the 1996 law that would require immigration agents to keep a record of all border crossings, a measure that could create massive jams at the border.

December's terrorism panic changed all that. The Algerians accused of plotting to attack U.S. targets from their base in Montreal did more than give Americans a focus for their end-of-millennium anxieties. They made Americans actually think about their once placid northern border, and many of them didn't like what they heard. Smith quickly rustled up another hearing to warn that "the border has become an irresistible temptation to international terrorists and smugglers." (The hearing made history of a sort. It was the first Congress ever held while the U.S. government was officially shut down by a snowstorm. The Canadian witnesses, typically, managed to slog through the drifts while the rest of wimpy Washington was paralyzed.)

It's no longer wise to dismiss Smith, as Canadian officials once did, as a minor player. Already the supposedly temporary border crackdown that followed the Algerians' arrests is becoming permanent. Washington is adding 600 new customs and special agents to the northern border, boosting the number to 1,800. There's also pressure to increase the number of Border Patrol agents, who number fewer than 300 along the entire 6,500-km frontier (compared with 7,400 along the shorter U.S.-Mexican border). And some politicians, including House Speaker Dennis Hastert, from Illinois, are suggesting that the feuding agencies should be merged into a single border-control organization as part of a concerted effort to crack down.

The danger is that could mean longer waits and hassles for Canadians travelling south and businesses shipping goods across the border—with only a minimal extra chance of catching terrorists or smugglers. In response, some in Ottawa suggest moving to a so-called perimeter security system, whereby Canada and the United States would build common defences to prevent terrorists and illegals from ever reaching North America. In principle this is similar to the European Union's system. Anyone entering the EU has to pass through security checks, but once inside you can move freely from one country to another without even showing a passport.

The problem, of course, is the old Canadian bugaboo—sovereignty. To satisfy security concerns in Washington, Canada would effectively have to adopt U.S. standards on such issues as visas and possibly refugee claimants. The emerging choice is not a happy one: learn to live with a tougher, more cumbersome border or give up even more sovereignty. So Canadians should send a message to Smith: Thanks for your interest, congressman. But could you stop now?

The killer doctor

A 54-year-old country doctor with an illegal drug habit will go down as one of Britain's most notorious serial killers. Dr. Harold Shipman, of the Manchester-area town of Hyde, was handed 15 life sentences for murdering female patients with heroin. He was also convicted of forging the will of his last victim, worth $890,000.

Pinochet's health

Belgium and six human rights groups are making a last-ditch attempt to open the medical records of former Chilean dictator, Gen. Augusto Pinochet, to determine if he truly is unfit to stand trial for crimes against humanity. A British high court judge has sealed the report by an independent medical team. Belgium wants a judicial review of that decision while Pinochet remains in British detention.

Triumph of a radical

Rosie Douglas, once Canada's best-known student radical, is the new Labour prime minister of Dominica. Deported from Canada for organizing the 1969 "computer riot" at Sir George Williams University (now called Concordia) in Montreal, Douglas is promising to better relations with Canada and others by stopping the sale of the tiny Caribbean country's passports to Russian and Chinese gangs.

Mistrial declared

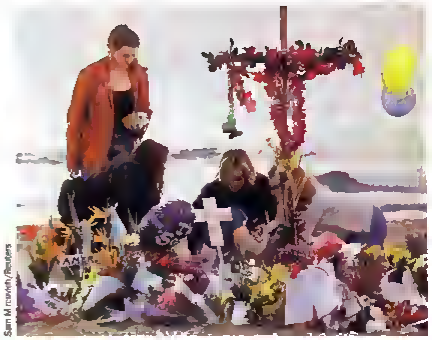
A Baltimore jury failed to reach a final verdict in the murder trial of a Saskatoon dentist charged with the stabbing death of her husband. The judge declared a mistrial after the jury acquitted Dr. Alpna Patel, 27, of first-degree murder, but could not agree on lesser charges. The prosecution is to decide this week whether to retry her for second-degree murder.

Showdown in Indonesia

Indonesia's military is pledging not to launch a coup, but a defiant Gen. Wiranto, the former army chief, is refusing to leave cabinet despite a direct order from the country's first elected president, Abdurrahman Wahid. Wiranto was cited in a recent UN report over atrocities in East Timor.

Oceans apart, two planes crash to the sea

Investigators said it was as if the Alaska Airlines jet was "flying itself." Within seven minutes of its pilots reporting a problem with a stabilizer bar on the plane's tail, the Boeing MD-83 slipped into a tortuous roll. At one point, it was actually flying upside down, pilots on nearby aircraft reported, before plunging 5,200 m into the sea off the coast of Southern California. Of the 88 people onboard, only four bodies, including that of an infant, have been recovered. The rest are believed to be entombed in the fuselage in a deep ocean fault off Port Hueneme, north of Los Angeles.



Sam Mircovich/Reuters

Mourners in California: marking lives in sand

Most of the passengers were returning to the San Francisco and Seattle areas from a vacation resort in Puerto Vallarta, Mexico. Many were employees of Alaska Airlines, a carrier with an enviable safety record, according to U.S. authorities.

As it happens, the Alaska Airlines plane was the second passenger jet in two days to crash into the ocean. On Sunday, Jan. 30, a Kenya Airways Airbus 310 fell from the sky one minute after taking off from Abidjan airport in the Ivory Coast on a flight to Nigeria. Incredibly, of the 179 people onboard, 10 survived, most of them by clinging to wreckage in the chilly Atlantic waters three kilometres offshore, and being rescued by local fishermen. One even swam to shore. Among the dead were two Canadian missionaries, Ruth and Bob Chapman, ages 52 and 45, respectively, formerly of Hamilton. The two had spent much of their lives in Africa and, tragically, had lost two young sons to malaria in 1990 while living in Cameroon.

Europe's pariah

Austria's European partners are vowing to step up political and economic sanctions against the new coalition government in Vienna, one that includes Joerg Haider's far-right, anti-immigrant Freedom Party. The party won 27 per cent of the vote in the inconclusive October election, and Haider's deputies now control half the cabinet portfolios, including finance, defence, justice and social affairs. Once an admirer of Hitler, Haider is a controversial figure in Austria, and his party's role in a coalition with the conservative People's Party has set off a storm of protest. Israel has recalled its ambassador to Vienna, Belgium has cancelled an order for ambulances, and on the night of the swearing-in, police with riot dogs clashed with a large crowd of protesters.



Diether Endlicher/AP

Vienna: painted protest

The Bliss Kiss

A Saskatchewan 'dame' scores with a star-studded New York spa

By Jane O'Hara in New York City

The teachers at Saskatoon's Evan Hardy high school were trying hard last week to picture their former student Marcia Kilgore. "Nope," said one, "I'm drawing a blank." Added another "Sorry, that name is not ringing any bells."

Funny Though she is not top of mind at the high school she attended in the late 1980s, the 31-year-old Kilgore is now one of the glam dames of New York City—and a multimillionaire to boot She is the founder of the fashionably funky Bliss Spa, which, in four short years, has mushroomed from a single location in artsy SoHo into a lucrative international line of beauty and skin-care products that are sold online and through a catalogue that goes out to over a million consumers Her client list reads like a who's who of show business. Among the divas who line up for her facials or get rubbed, peeled and wrapped at her spa are Oprah Winfrey, Julia Roberts, Uma Thurman, Jennifer Lopez and Madonna. *New York* magazine just named Kilgore one of the Big Apple's top leaders, along with developer Donald Trump and Yankees shortstop Derek Jeter.

If that doesn't get attention in Saskatoon, how about this: last year, the Paris-based corporate giant, LVMH Moët Hennessy Louis Vuitton—internationally acknowledged as the Goliath of luxury goods—bought 70 per cent of Kilgore's business for a reported $45 million. For LVMH—also owner of such carriage-trade brands as Christian Dior, Guerlain and Givenchy—Bliss was their first North American acquisition Its execs were lured largely by Kilgore's stat appeal and her hip, humorous savvy in marketing to the young generation of fashionistas. They are banking that Miss Bliss will be to the American body what Martha Stewart is to the American home. "Bliss is a great brand," says Pierre Malvet, LVMH's director of acquisitions, "but frankly we fell in love with Marcia."

And what's not to love about the woman they call Mar-see-a? At the end of a long working day, the hyperkinetic Kilgore strides into the boardroom of her corporate headquarters' 2,300 square metres of space on the seventh floor of a converted Brooklyn warehouse To shorten the commute from work to home, she and her business-partner husband, Thierry Boué, recently moved into a $2.9-million condominium right across the street At Christmas, she gave her senior staff Palm personal organizers, so she could beam them messages at any hour of the day. "Marce is so busy, she doesn't have time to pee," says sister Jodi Preston, 36, who spent 10 years modelling for the Elite agency in New York, and now lives in Toronto.

Calling herself "neurotically perfectionistic," Kilgore has spent the day tending to the endless details of an empire that did $30 million in sales last year (profits aren't published). She still gives facials (now only two mornings a week), trains the staff, develops new products and writes all the witty advertising copy for her mail-order catalogue *BlissOut* (for example, Bliss Serious Seaweed Cellulite Soap: "Forget the tope, this is soap with hope"). She also personally answers complaint letters And this day, one particularly sticks in her craw It comes from a man annoyed that, during his spa visit, he hadn't been offered crackers and cheese after his massage Kilgore rolls her eyes and shakes her head. Human nature being what it is, she asserts, "people will try anything to knock you down." In her quirky way, she threatens to get even with the complainers by turning their letters into a coffee-table book. "People come into Bliss now and they don't just expect a great massage, they expect it to change their lives," she says. "It's hard because people have heard so much about Bliss, they always expect it to be perfect. And when it was really small, I really could make everything perfect. I had 20 hours a day when I could be awake, when I would work on everything, constantly."



Kilgore applies a seaweed mask for a facial: mushrooming into a lucrative international line of beauty and skin-care products

Kilgore's small-town-girl-makes-good story started in Outlook, Sask. (population 2,300), 75 km south of Saskatoon, where she was born in 1968, the youngest of three daughters of Lorene and Monty Kilgore, a real estate agent. Monty, who nicknamed his girls Joe, Pete and Mike, raised them to be fearless and to feel that they were as smart as anyone else. By the late 1960s, the family was on the move. They went from Saskatoon to Edmonton, ending up in Calgary In 1982, disaster struck when Monty, after a long illness, died of brain cancer at 43. Left alone with her children, Lorene moved the family back to Outlook, where she and Monty had grown up, then to Saskatoon so she could find work. "It was devastating," recalls Marcia, who was 13 when her father died. "Mom had to work and took the attitude that she was going to hold things together, but I remember saying to her, 'Don't worry, I'll get a paper route, I'll help, I'll hold it together.' I really wanted to work to make my mom feel better."

And work she did. A straight-A student, Kilgore remembers high-school life as a blur She played in the school band and on numerous sports teams At times, she held down three part-time jobs, waitressing, coaching gymnastics and teaching aerobics classes at local clubs. At a private gym, she started competitive bodybuilding—in her heyday, she could bench-press 75 kg—and in 1987, she won the Saskatchewan middleweight bodybuilding championship From the age of 13, she bought all her own clothes and paid for the expensive vitamin supplements needed for bodybuilding. At 16, when she applied for a loan to buy a car, the dealer took one look at her résumé and said it wasn't necessary for her mother to co-sign "She was never any trouble," says her mother, Lorene, who is remarried now and lives in Saskatoon "She was very self-reliant The girls had a lot of street sense and common sense."

So much so that Lorene was unfazed in 1987 when the 18-year-old Kilgore moved to New York to join sister Jodi, who was then an established model Lorene remembers her Saskatchewan friends being concerned about her daughters' safety on the mean streets of the big city "I wasn't worried," says Lorene. "I thought New York could look out for itself."

The cosmopolitan hubbub of the Big Apple felt like an oxygen blast to Kilgore "The place suited her," says Jodi. "Mentally, she can handle anything—the more the better." Kilgore started hanging out with Jodi's friends in the star-studded fashion world, contacts who would come in handy later on. To make money to survive, she fell back on bodybuilding and became a personal trainer to stars like singer-composer Paul Simon and his ex-wife, actor Carrie Fisher. In 1990, after tak-

The price of a good scrub







From top, Winfrey, Lopez, Roberts: all Bliss clients

When stars like Oprah visit the Bliss Spa, it's usually after-hours But anyone can make an appointment. Here's what you'll pay (in Canadian funds) for some of Marcia Kilgore's often whimsically named services

THE HERBIE: Hot oil herbal body wrap, while your face, says Bliss, is "cleaned, massaged, tasked and masked" 90 minutes, $215

THE INGROWN ELIMINATOR: "Microdermabrasion" to get rid of ingrown hairs in the bikini area $145

STEEP CLEAN. Deep-pore skin cleansing plus oxygen blast, 105 minutes "The faint of pore need not apply," adds the "publissity" literature $360

And where the real money is:

HYDRALOCK MOISTURE GUARD: Moisturizing skin salve to "overthrow aging" $197 for 2.7 ounces

HIGH INTENSITY HAND CREAM: The label says this Bliss product "will keep you from, in moments of navigational chaos, confusing the back of your hand for the detailed road map you're searching for in your glove compartment." $20 for 2 ounces

THE TUNNEL OF RUB: To take the spa experience home, you can order your own 36-jet household aqua-massager. Price. just $36,000

Her backers want Kilgore's company to be bigger than Estée Lauder

ing an esthetician's course, Kilgore also started doing facials on the floor of her cramped East Village apartment. Soon, word spread about her magic hands and her ability to cure pimply skin—an affliction she had suffered as a teenager. Kilgore couldn't keep up with the demand. She started expanding, renting one room and then four to run the business and hiring other technicians to help her out. "I was running all the time between doing personal training and facials and leg waxes," she says. "Thank God I was young. I was like a messenger service."

Like any astute entrepreneur, she also grasped the underlying economics of the beauty business, figuring out where the *real* money is made: mail-order sales of those skin-smoothing, blemish-busting creams and emollients that seemingly promise eternal youth. As the word of mouth spread, the buzz among the fashion elite was heating up. In the spring of 1996, a small blurb about Kilgore and her fun facials appeared in *Vogue* magazine. It was no accident. Kilgore had courted fashion-magazine beauty editors—the arbiters of



Getting a pedicure, including a milk bath, eternal youth

taste and trends—many of whom were longtime clients. After the *Vogue* piece, her phones started ringing, at one point creating a backlog of 500 clients who were wait-listed for appointments. Jordan Stein had just been hired by Kilgore as a part-timer when the magazine came out. "I was working three hours a day before the story," recalls Stein, 26, now the SoHo spa's trademark greeter, whose official title is King of Bliss. "After, it was 16 hours a day. It was insane. Almost twilight-zoney. But such is the power of *Vogue*."

It also bespeaks the frenzy of New Yorkers desperate to keep up with the hottest trend. Spas, after all, have been around for a long time. But to Kilgore they were often stuffy and intimidating. In July, 1996, when she opened the Bliss Spa in 460 square metres in a SoHo building, she turned that attitude on its head. She banished pretension, mixing down-home comfort with high-concept design. To stressed-out women battling cellulite and crow's feet, she offered fun-sounding treatments like the "Tunnel of Rub" and the "Carrot and Sesame Body Buff."

Since then, the SoHo spa has doubled in size. And in late December, LVMH christened its office tower at 57th Street and Madison Avenue—the heart of New York's high-end retailing—by opening a second Bliss Spa. Kilgore's business, which was once just "me and my table," now employs 225 people. About 350 customers a day cycle through the spas' robe rooms and saunas, paying $200 for a Minty Mud Mummy Mask or $275 for the two-hour Deep Sea Detox, where clients are wrapped in hot French seaweed. Plans are under way to open more spas in California and London. Kilgore's new masters at LVMH are coy about actual figures but predict "double-digit" growth annually. They boast that Kilgore and her company will be bigger than Estée Lauder, long the gold standard in skin care. It's all a question of synergies, said Richard de Warren, LVMH's director of U.S. ventures, on a recent visit to the Brooklyn headquarters of Bliss World LLC—the parent company for Kilgore's operations. He believes Kilgore's marketing skills, combined with LVMH's manufacturing and worldwide distribution system, should push her Bliss and Remede beauty products around the world. "It's like a baby, now," says de Warren. "Everything is there around the cradle and we have to let them grow. But we are expecting rapid growth. Very rapid growth."

The high-powered money talk and multinational marketing strategies are a world away from Kilgore's spas. There, Bliss-goers are swept into a land of visual puns and wacky furniture, like feathery Mongolian lamb's-wool ottomans and a pedicure room painted like a Caribbean beach scene. The sign on one door in the massage area, where clients pad around in Sensi sandals and white cotton robes, asks that the door be closed gently since "The thump, thump, thump is not very spa." In the lounge, tastefully appointed and low-lit, there are brownies and white wine. Eleni Gage, beauty editor at New York-based *In Style* magazine, appreciated the guidebook handed out to nervous first-timers. It was full of cheekily written spa etiquette, such as whether to wear underwear during a massage. Answer: "If underwear makes you relax, you can wear six pairs. But most people get massaged in the buff." After two visits, Gage was a true believer. "A lot of spas are hushed and clinical," she says. "You feel like you're going to the doctor for a checkup. Marcia has made Bliss upscale but not fancy—fun and whimsical."

Even so, some clients are looking beyond the whimsy and trademark puns. On a recent Saturday afternoon, a 39-year-old New Yorker carrying a Bliss shopping bag admitted with some embarrassment that she had just dropped $900 at Kilgore's spa—$150 for a facial, the rest on the face creams that the facialist told her to buy. This seemingly ideal client was one tough customer. "It's great marketing, but I expected more," she said. "And if these products don't work, I'll never be back." That will be Kilgore's prime business challenge: to produce high-margin, image-based products that still maintain a quality that ensures her customers don't dis Bliss. m



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Deirdre McMurdy

Learning to love risk

These days, breathless media accounts of the latest high-tech success story seem almost commonplace. Recently, those tales have been supplemented by reports of Internet "incubators," angel investors and other groups formed to finance the next wave of wunderkinder.

Last month, Mosaic Venture Partners made headlines with a 1,328-per-cent return on its 14-month investment in a start-up search-engine software firm called Direct Hit. MM Venture Partners of Montreal announced a $3-million financing of e-commerce company Logibro. And the Royal Bank of Canada and Toronto Dominion Bank are both forming new lending divisions to back junior high-growth companies. On Jan. 18, Michael Bregman, better known as chairman of the Second Cup coffee-shop chain, announced the launch of a $130-million Internet investment fund called XDL Intervest Capital Corp., and was due this week to name Bob Young, co-founder of high-flying Linux marketer Red Hat Software, as an investor. That initiative mirrored other recently formed "incubators" such as EcomPark and Brightspark.

Despite perennial griping about its inadequacy, venture capital has unquestionably become hot. In the United States, an estimated $60 billion was spent last year by investors anxious to get in on the ground floor of The Next Big Thing.com. Although the size of the Canadian market lags behind the U.S. significantly, it's estimated that there is now $10 billion in venture capital under management and that about $2 billion in new funds were invested here last year.

For Mary Macdonald, the sudden surge of interest in venture capital is gratifying—and amusing. After 16 years in the trenches, she's become an overnight success. Her research firm, Macdonald & Associates, gathers and sells venture-capital market data to investors. "It's weird and exciting that the business has suddenly become so trendy," she says. "We've been quietly turning the sod since 1984."

That's the year Macdonald left a management consulting job with Currie, Coopers & Lybrand and formed her own company. Her first major contract was from an Ontario government agency, IDEA Corp., which wanted her to complete a study on pension funds and venture capitalization. "I had no notion what venture capital really was," Macdonald admits. "But I found out fast."

What she discovered was that in the 1980s, pension funds were the main wellspring for the venture-capital funds investing in small, start-up companies. Rather than high technology—which was regarded with deep suspicion and minimal understanding—most ventures were in traditional areas like manufacturing.

After the meltdown of financial markets in October, 1987, most of that pension money dried up. Given minimal returns, pension funds avoided the venture-capital sector. Between 1987 and 1997, according to Macdonald, their largest annual investment in venture capital in Canada was $100 million. For the most part, any deals done were conducted through labour-sponsored funds, which were encouraged by generous government tax breaks for investors.

Macdonald says the recent resurgence in venture capitalization is accompanied by some profound changes. "We're now dealing with second-generation venture capitalists who understand they have to do more than contribute money: they have to add value in various other ways," she observes. These can range from offering management expertise to finding synergies with other entrepreneurs. "There's also," she adds, "a second generation of entrepreneurs that understand the game better as well."

Macdonald says the development of start-up "clusters"—in areas like Waterloo and Ottawa, as well as Toronto, Vancouver and Montreal—helps the cross-fertilization process between companies and their backers. She also notes that Canadians have become less risk-averse in their approach to junior companies, and more competitive also.

One advantage Canadian venture capitalists have, according to Macdonald, is that they are much smaller in size than their American counterparts. That allows them to invest earlier, to make a bigger difference—and a bigger profit. While the average Canadian investment is $2 million, it is $12 million south of the border. "It's uneconomic for U.S. capital pools to administer any smaller amount," Macdonald says. "But that's a barrier to really early-stage players."

Still, she warns that two in every 10 ventures fail in that early stage. She also says the Canadian market is hampered by the absence of "gatekeepers." In the United States, these are the professional managers who assemble and monitor investments in venture-capital portfolios on behalf of large pension funds and other major investors. "Without that structural layer, it's just easier for Canadians to load up on more Nortel shares," she observes.

And while many critics complain that Canada does too little to nurture high-tech talent, Macdonald's experience provides a brighter perspective. Five years ago, when she launched her semi-annual financing conferences, where entrepreneurs pitch potential backers, she says she couldn't even find a slate of 12 strong start-ups. Last June, she chose 38 from about 100 applicants. Those sessions have resulted in several new partnerships, like Siemens's recent multimillion-dollar investment in Hyperchip of Montreal. When it comes to high-tech bonanzas, there's a simple lesson: nothing ventured, nothing gained.

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Up, up and away

Canadian growth remains strong, with 44,000 jobs created in January, keeping the unemployment rate at a 24-year low of 6.8 per cent. Investors reacted positively, propelling the TSE 300 composite index up 314.81 points, its second-highest-ever single-day increase, and up 9.8 per cent for the week to a record 9,209.2. Meanwhile, the Bank of Canada followed the U.S. Federal Reserve Board's lead and also raised its key lending rate by a quarter of a percentage point, to 5.25 per cent.

A Web portal reborn

BCE Inc., owner of Bell Canada's Sympatico Web site, formed a new company with Massachusetts-based Lycos Inc., operator of one of the most popular Internet portals, or entry points. BCE plans to invest at least $95 million over three years for a 71-per-cent stake. The new portal will add online shopping, e-mail and auctions.

iCraveTV under siege

In an effort to keep iCraveTV shut down, Canadian broadcasters launched a suit against the Toronto-based Internet company, which rebroadcasts TV signals on its Web site without permission. In a similar case, a U.S. federal judge issued a restraining order against iCraveTV on Jan. 28, after U.S. broadcasters and rights-holders sued the upstart.

A-Ford-able computers

Ford Motor Co. will offer all its 350,000 workers, including 17,000 in Canada, a home computer, colour printer and Internet access for next to nothing. U.S. employees will be charged $5 (U.S.) per month, while Canadian workers will pay a "nominal fee" to keep them at the leading edge of e-business technology and skills. On Friday, Delta Air Lines Inc. announced a similar offer for its 72,000 workers.

TD Bank gets Canada Trust

Ottawa approved the Toronto Dominion Bank's $8-billion takeover of Canada Trust. TD Bank, however, will have to meet several conditions designed to protect competition, including selling the trust's MasterCard business.

The drag from Canadian's debt



Milton: demanding creditors play along

Robert Milton, Air Canada's chief executive, wasted little time in putting his foot down. In January, Montreal-based Air Canada officially took over Canadian Airlines International Ltd. of Calgary in a $92-million deal. Along with the struggling carrier, however, came $3.5 billion in debt, which last week compelled Milton to say enough is enough. Milton announced Canadian was suspending payments worth $135 million until April as part of the carrier's effort to restructure its debt. And just in case any of Canadian's more than 50 creditors had thoughts of not playing along, Milton warned: "I do not have any qualms about proceeding down different and far more aggressive tracks," including, he said, declaring bankruptcy.

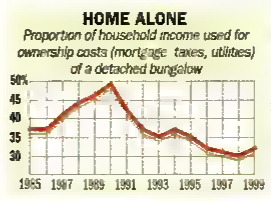
While Canadian is strapped for cash, Air Canada is flush with it. The company announced a profit of $503 million in 1999, more than three times its net gain in 1998. The financial picture would be even rosier had it not been for Onex Corp.'s bid to merge Canadian and Air Canada. Company executives said Air Canada spent up to $80 million fighting off Onex's bid, which failed when a Quebec court ruling killed the deal.

Can global roaming be far off?

Frequent-flying executives have long been frustrated that North American cell phones generally don't work in Europe, and vice versa. That could change in the wake of the world's largest takeover. After a three-month battle, Britain's Vodafone AirTouch PLC reached a $259-billion deal to buy Germany's Mannesmann AG. Combined, the telecom will have 42 million customers and a market value of $504 billion, making it the world's fourth-largest firm. Analysts say the new company has the clout to champion a global wireless standard.

Financial Outlook

Rising interest rates coupled with higher house prices are making it more difficult for Canadians to own their own home. During 1999, the cost of running a typical bungalow climbed 12.5 per cent to $1,183 per month. Despite the higher costs, a Royal Bank of Canada survey says nearly a third of Canadians aged 18 to 34 want to buy in the next two years.



The survey found wide regional variations in the average portion of a family's income eaten up by house costs. Homeowners in the Prairies and Central Canada used about 30 per cent of their pretax income on mortgages, utilities and taxes. In Atlantic Canada, the amount was only 26 per cent. British Columbians spent most—41 per cent of their paycheques.



Ross Laver

The pirates of the Web

I took a few days off last week and, just for fun, decided to replenish my music collection. I started with some Tragically Hip, then Aimee Mann, R.E.M., LeAnn Rimes and the Rankins. While I was at it, I stocked up on some old favourites by the Beatles, David Bowie, Jim Croce, Cream and Gordon Lightfoot.

The best part was that it was all free. Instead of visiting a music store, I stayed home and logged on to Napster, a six-month-old online music trading service that came highly recommended by some local 14-year-olds.

When I was a teenager, I used to save my paper-route earnings and regularly trek down to Sam the Record Man. Today's kids have it easier. Napster offers a library of about a quarter of a million songs, all free. The system works by connecting thousands of music collectors around the world, allowing them to swap near-CD-quality digitized song files anonymously. With a fast cable connection to the Internet, it takes a minute or two to receive a song. I can download an entire album in less time than it would take to drive to the mall.



The old-fashioned way: a terrified industry

Naturally, there's a catch. The downloading of copyrighted music from the Web without permission is illegal—period. The Recording Industry Association of America, which calls Napster "a giant online pirate bazaar," recently filed suit against the company, accusing it of fostering a black market for illicitly copied music. (Napster's response is that it is not responsible for any illegal activities committed by its users, and that no music trades actually take place on its computers.)

I wouldn't want to hazard a guess as to the future of Napster, but there's no question that record companies are terrified of the Internet's potential to lay waste to their industry. Bear in mind that Napster is the creation of an 18-year-old college freshman in Boston, Shawn Fanning. Even if the industry succeeds in shutting him down, there are millions ready to take his place. And so far, no one has come up with a secure method of encrypting intellectual property—not just music, but movies, software and anything else that can be transmitted in digital format. It's conceivable no one ever will.

Here's another way to look at it: in a few short years, the Internet has turned a major sector of the economy upside down. Billion-dollar companies that used to control their own destinies are now anxiously trying to figure out how to stay in business. We live in what is often called the Information Age, yet the spread of computers and open networks makes it increasingly difficult to protect that information and earn a reasonable return from it.

Almost everywhere, large corporations are struggling with the Internet's impact on their once-cozy worlds. At best, the outlook is uncertain. They may well survive, but only if they rethink how they do business and whose interests they serve. Customers and workers are becoming more knowledgeable, more demanding and more organized. Old distribution patterns are being replaced by new, more efficient arrangements and direct one-to-one relationships.

Many companies understand this; some do not. But either way the transition is painful. For my money, one of the most significant Canadian news photos of the past year was one showing Royal Bank chairman John Cleghorn seated next to a long-haired Stephen Bartkiw, a former Radio Shack store manager who is now CEO of AOL Canada Inc., at a press conference to announce the Royal's $90-million purchase of 20 per cent of AOL Canada. In the old economy, no one was more powerful than a bank chairman. In the new economy, men like Cleghorn are forced to put on denim shirts, swallow their pride and go make nice to long-haired computer nerds because the consequences of failing to adapt to the Internet are just too frightening to contemplate.

The banks will adapt, because they and the rest of the financial services industry have no choice. The same goes for much of the retail sector, provided the major chains stop kidding themselves that consumers actually enjoy browsing through cluttered stores, begging for help from surly salespeople. Manufacturers know they aren't immune; the smart ones are trying to decide how to use the Internet to lower the cost of buying parts and raw materials. The broadcasting and telecommunications industries face another dilemma. Their businesses were founded on the principle of scarcity—scarce bandwidth and a limited number of places on the broadcasting dial—yet the Internet is rapidly eliminating both of those bottlenecks. How will they make money in a world where bandwidth is effectively free?

Perhaps if the music industry finds a way to survive, there'll be hope for everyone else. But Napster and services like it are just the tip of a very big iceberg. For a lot of companies, these are scary times.



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Front row, left to right, Lindsay, Fleming Mackell, Richard, Kennedy, Tony Leswick and Vic Lynn, back row, left to right, Butch Bouchard, Gus Mortson, Laprade, Bud Poile, Woody Dumart, Harry Watson, Schmidt, Gaye Stewart and Kenny Reardon: hockey heroes who leave a lasting legacy

Photograph by Hockey Hall of Fame

People

Back at centre ice

Players from the first All-Star Game reunite and reminisce about the old days



Lindsay (left) and Kennedy showing respect for once sworn enemies

Fifty-three years later, the National Hockey League's original All-Stars have traded cross-checks for handshakes. At last week's reunion of those 1947 players—back then it was the defending Stanley Cup champion Toronto Maple Leafs against the top players from the five other teams—once sworn enemies stood with arms over one another's shoulders, posing for pictures and swapping stories. "I haven't seen most of these guys for 40 years," said **Edgar Laprade**, 80, the former New York Ranger. "This is wonderful." And a little surprising, too. At Maple Leaf Gardens' Hot Stove Lounge, the league had brought together fierce combatants such as 74-year-old **Ted Lindsay** of Detroit, Boston's **Milt Schmidt**, 81, the Rocket—Montreal legend **Maurice Richard**, 78—and **Ted Kennedy**, the 74-year-old Leaf great. "I have the utmost respect for Ted," Lindsay said, adding, "I didn't back then, of course. He was the enemy."

In the festivities around the 50th NHL All-Star Game in Toronto, the appearance of the 1947 stars was particularly poignant. Against the backdrop of modern sports' rampant commercialism and vulgar salaries, the gritty men who built professional hockey are the game's most deserving heroes. In a six-team league when opposing players didn't fraternize, they played hard and helmetless for a comparative pittance—on average, about $4,000 annually. Even the original All-Star contest was a battle. "We were the Stanley Cup champions, and we wanted to show we were the best," said Kennedy. The All-Stars felt the same way. "We were playing to win," Lindsay said. "We all hated the Leafs." Final: All-Stars 4, Leafs 3.

Off the ice, the players in that 1947 game left an even greater legacy. They put up their own money to initiate a pension plan, and somehow got the tight-fisted team owners to ante up, too. And it was some of the same players 10 years later, led by Lindsay, who secretly moved to form a players' association. That first attempt to organize failed, but its leaders are nevertheless proud of the attempt. Their pension plan and the eventual players' association, established in 1967, have helped secure the retirement of hundreds of old NHLers. Lindsay said the owners did not pay into the plan as much as the players wanted, "but it's a lot better than what there was before."

Those initiatives proved costly. Lindsay was traded from the elite Red Wings to the woeful Chicago Blackhawks for his involvement with the players' association. And even though Kennedy would not support the association—he was just about to retire and says he felt a loyalty to the Leafs—he did not betray the players by revealing their plans to team owner **Conn Smythe**. Many believe Kennedy was denied an anticipated job with the Leafs as a result.

That, the principals say, is forgiven if not forgotten. Lindsay went on to build a successful auto-parts business, and Kennedy had a long career breeding and racing horses. And hockey gave them something no owner could trade away—the friends assembled at the Hot Stove, for instance. "I always felt I left whatever grudges I had out on the ice," said Kennedy. "I never felt any animosity for anyone." Of course, he was smiling when he said that.

James Deacon

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Murder and the Musitano clan

Sons of a Hamilton crime boss go to jail



Pat Flaherty - Hamilton Spectator

Pat (left) and Angelo Musitano: brotherly love

With the Musitano clan of Hamilton, murder seems to run in the family. In 1984, Domenic Musitano, his brother Anthony and a nephew were among six people imprisoned over the kidnapping and killing of Toronto mobster Domenic Racco. When Domenic Musitano died in 1995, he left his criminal organization in the hands of his 27-year-old son, Pasquale, known as Pat. With his monogrammed designer shirts, the burly Musitano presented himself as a jovial man-about-town. He would often go to the downtown Y to "work out" by walking around the indoor track. His Gathering Spot restaurant served some of the best wood-oven pizza in southern Ontario, and Musitano liked to hobnob with the elite. One of his proudest social accomplishments was being listed as a patron on the program of a 1996 fund-raising dinner for federal cabinet minister Sheila Copps, who represents the riding of Hamilton East.

As much as he tried to rise above the family's legacy, however, Musitano failed. Last Friday, in a Hamilton courtroom, Ontario Superior Court Justice Eugene Fedak sentenced Pat, now 32, and his younger brother, Angelo, 22, to 10-year prison terms for conspiring to murder Carmen Barillaro, a Niagara Falls criminal who was shot and killed in his home on July 23, 1997. The sentences ended one of the most dramatic cases in the history of the Canadian underworld.

In the early morning of Nov. 24, 1998, police swept down on the Musitano brothers and arrested them for the murders of Barillaro and his boss, notorious Hamilton Mafioso John (Johnny Pops) Papalia. A few hours later, hit man Ken Murdock appeared before a judge in Hamilton on charges of murdering both men, and of being the triggerman in the 1985 machine-gun slaying of Hamilton janitor Salvatore Alaimo. In an unprecedented turn, Murdock was allowed to plead guilty and was sentenced to life imprisonment with no hope of parole for 13 years.

The court was told the deadly relationship between the Musitanos and Murdock dated from 1984, when Domenic Musitano was in Collins Bay Penitentiary for his involvement in the Racco murder. Domenic Musitano befriended the young, rough Murdock and asked him to protect his children when he got out of jail. "It proved to be an extremely unhealthy relationship," Angelo's lawyer, John Rosen, told Fedak.

The strategy of defence lawyers Rosen and Dean Paquette was to portray Murdock as the one who led the Musitanos to commit the murders, not the other way around, as the Crown and Murdock had contended. "Murdock was a vicious career criminal," said Rosen. "Pat had a minor criminal conviction [for possession of stolen goods in 1991] and Angelo had no record." But a preliminary hearing last summer, in which Murdock was the star witness, made it evident the case against Angelo Musitano was very strong, while the case against Pat was not.

In recent weeks, Rosen and Paquette negotiated a deal with the Crown: the Musitanos would not be charged in the Papalia case, and Pat would take brotherly love to an extreme and share responsibility for conspiring to kill Barillaro, if his younger brother was given a break. Pat, originally charged with conspiring to kill Papalia, had faced no charges in the Barillaro case. In amending the charges on Friday, Crown attorney John Nixon said while there was no solid evidence that the Musitanos ordered the Papalia killing, they did order the murder of Barillaro. The court heard that a police surveillance videotape captured Barillaro in a heated discussion with Pat Musitano. Nixon said it eventually became clear to police that Barillaro intended to kill Pat in retaliation for the Papalia murder. But Murdock and Angelo Musitano acted first. They drove to Niagara Falls, where Murdock gained entrance to the Barillaro home. He shot Barillaro in the head and chest, said Nixon in an agreed statement of fact, but not before telling him: "I got a message from Pat."

Told of the Musitanos' sentencing deal, Murdock was annoyed. "They're trying to make it look like I decided on my own to kill John Papalia," he told *Maclean's* from prison. "I had no reason to kill Papalia. They ordered the killing, and they get just 10 years. They'll be back on the streets in less than four. It doesn't make sense to me."

Paul Palango *in Hamilton*

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The view from the trenches

Small-town family doctors diagnose the health system's ails

Recent stresses on emergency departments across the country have shown up most dramatically in big-city hospitals, where rerouted ambulances and delays in admitting patients have captured the public's attention. But the problems behind the periodic crises in emerg are systemic, affecting all aspects of the health-care system. Two family physicians in the western Quebec pulp-and-paper town of Témiscaming offer what they call 'the voice of the disenfranchised, powerless and increasingly alienated and burned-out frontline workers.'

By Drs. Gordon Brock and Vydas Gurekas

We hope that *Maclean's* perceptive and accurate series of articles on the problems involving medicare will be successful in informing the public at large of what we in the trenches of medicine already know: Canadians are the possessors—and the victims—of an increasingly mediocre and outdated, out-of-step system of health care. Canadians are right to question why an $80-billion system can collapse under the weight of something as predictable as the winter flu epidemic.

Media reports prominently feature bureaucrats, health-care "experts"—often self-styled—and workers in university-type tertiary-care hospitals. Their statements so often exhibit those three Canadian staples: whining, blaming faceless "government cutbacks," and pleas for "more funding" for their particular constituency. Often lacking in the debate has been the voice of the frontline workers, who have seen a once-proud system deteriorate into mediocrity.

We are two family physicians with almost 50 years' experience between us of work in an underserviced and overstressed rural environment. With two or three other physicians, we are responsible for the 24-hour care of 5,000 people. Through proverbial thick and thin—flu epidemics, multiple-vehicle car accidents and the like—we are able to hang a sign outside our small emergency department: "We never close. We never refuse a patient. We never turn away an ambulance." Contrast that to recent cases in the Toronto area of two patients dying after being refused access to the nearest hospital, with infinitely more resources than we have.

Medicare was conceived in 1962. Since then, society has seen many changes, some predictable at that time, others perhaps less so. A few of those changes:

- Aging of our society. Older people require more medical resources than younger people. It's as simple as that.
- Medical technology. Thirty-eight years ago, the system did not have to pay for CAT scans, cardiac surgery on people in their 70s, or expensive and complicated chemotherapy treatments for cancer patients. These technologies and abilities just did not exist.
- What we call the McDonaldization of medical care. People today demand convenience, 24-hour service and prompt "cures." The emergency room has, for increasing numbers of Canadians, become the family physician. emergency rooms that were conceived to handle heart attacks, car accidents and strokes are now congested with flus, colds, aches and pains, problems that in another era were handled by the family physician, grandparents or just waiting a day or two until they passed.

Our system now resembles an out-of-shape 40-year-old trying to run the marathons that seemed so effortless 25 years ago. Along with many other frontline workers, we believe we have some sensible and workable ideas to update the system.

Our health-care administrators need to return to the ABCs: They must address Accountability, cut back the Bureaucracy and encourage Creative solutions:

1. We believe that the traditional model of the solo family physician working alone out of a 9-to-5 office is obsolescent. Too many family physicians leave only an answering-machine message after 5 p.m.: "The office is closed until tomorrow morning. If you have an emergency problem, please go to your nearest emergency room." It is easy to get angry at patients arriving in emergency rooms at all hours with minor problems, but often there is legitimately no other place for them to turn to. Physicians must be held accountable for the entire health-care needs of their practices and given the resources and incentives to care for their patients 24 hours a day.

2. As many a patient has found, our current "fee-for-service" medicare system encourages assembly-line techniques: get that patient in and out of the office as quickly as possible, shuffle as many through as you can per hour. We find it hard to believe that a better payment system cannot be put in place that recognizes the new realities, a system that will compensate physicians for telephone advice and reward those who, say, vaccinate a large proportion of their elderly patients against influenza.

3. Hospitals must be prohibited by law from closing their emergency rooms, especially to ambulances, when they are "overloaded." Hospitals have disaster plans for handling things like bus accidents. Why not require them to have disaster plans for handling emergency congestion during the flu season?

4. University and big-city emergency rooms that were conceived to handle acute emergencies must get out of the business of treating flus, sore throats and minor pains. Resources and incentives must be given to set up "24/7" outpatient acute-care facilities to see those patients quickly and efficiently 24 hours a day, seven days a weeks in a more patient-friendly mode than most hospital emergency rooms we have seen. As is already the case in Quebec, new family physicians setting up in urban areas should be required to devote a certain number of hours per month working in these facilities as a condition for billing medicare.

5. Waiting periods in hospital emergency rooms must be cut down. Lab and X-ray tests on those patients must be done on a priority basis, and specialist physicians called to evaluate emergency-room patients must see those patients promptly, not, as is often the case, after delays of several hours.

6. Imaginative solutions need to be found for the winter emergency room crunch—not just the same tired solutions trotted out every year. For instance, why can't a group of hospitals in an urban area pool resources to set up an emergency department SWAT-like team of nurses and physicians who can rush from hospital to hospital to relieve local congestion?

7. Finally, we do not believe that major reforms are possible until the public demands accountability from those in charge, be they politicians or the chief administrators of hospitals. Because of the Canadian public's reputation for tolerating mediocrity, we are not holding our breath on that one.



Brock (left), Gurekas, the sign on their door says: 'We never close. We never turn away an ambulance'

Stunning creations from ancient Egypt

An exhibition gathers together, for the first time, the 4,500-year-old masterpieces of that country's Old Kingdom



Brooklyn Museum of Art

Statue of Ankh-ma-re, son of a chief scribe children were frequently sculpted, and inevitably posed with an enigmatic finger to the lower lip

Ancient Egypt has fascinated outsiders ever since Herodotus, the fifth-century-BC Greek historian, visited a civilization already thousands of years old. And the artistic splendours that captivated him—the Great Pyramids, Sphinx and statues of the Old Kingdom (2650 to 2150 BC)—still define Egyptian civilization in the Western mind. Which makes it all the more remarkable that the portable masterpieces of the era have never before been organized into a single exhibition. Not, that is, before Egyptian Art in the Age of the Pyramids, on view at Toronto's Royal Ontario Museum from Feb. 13 to May 22. A joint project of the Louvre museum in Paris, New York City's Metropolitan Museum of Art and the ROM, the stunning exhibition drew almost 800,000 visitors in France and the United States last year. Now, the 200 treasures from 30 museums are about to be unveiled at the ROM, their third and last stop. The show reunites sculptures, relief carvings and everyday artifacts scattered by 150 years of archeological digs—with results that challenge long-held assumptions.

Krzysztof Grzymski, the ROM's senior Egyptian curator and one of the exhibition's organizers, has been waiting a long time for this exhibition, which he calls his "personal millennium project." The 49-year-old Polish-born archeologist, who came to Canada in 1977 to study at the University of Calgary, has been immersed in Egyptology since his teenage years, when the giant Aswan dam project in southern Egypt put the country's cultural treasures back in the media spotlight. Now he is overjoyed. "I can't believe that these objects—which I knew from books, from visiting sites—are physically here in Toronto. *Here*. In Toronto. It's the most tremendous feeling."

The jewel in the show's crown is the 4,500-year-old statue of Pharaoh Menkaure and his queen. Discovered in 1910 by a Harvard University expedition and known as the "Mona Lisa of Egypt" for its beauty and the pharaoh's faint smile, the 1.3-m tall work has never before left the Boston Museum of Fine Arts. It depicts the king who built the third pyramid at Giza in the standard male pose, striding forward with his left leg advanced, while his wife—portrayed as an equal partner—gently embraces him. The unknown artist, delicately carving in slate, expressed psychological and emotional nuances in his subjects by capturing tiny physical details—the queen's natural hairline peeping out from under her wig, Menkaure's round nose and smile. For Grzymski, the sculpture is simply one of "the greatest art objects ever created."

By grouping so many monumental sculptures together, the exhibition shatters a common stereotype of ancient Egyptian art, that it was unnaturalistic and unvarying in style. That belief is rooted in the odd perspectives of two-dimensional relief carving—what Grzymski calls "the whole walk-

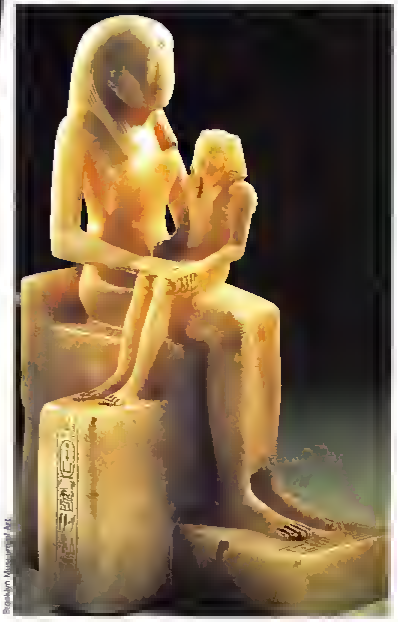


Museum of Fine Arts, Boston - Harvard University



New York Metropolitan Museum of Art

Alabaster brewer's vat belonging to Queen Mother Ankh-Nes-Pepi; Pharaoh Pepi II seated full-grown on his mother's lap (below), Pharaoh Menkaure embraced by his queen (left)· within certain strictures, sculptors were free to achieve a flowing naturalism, which expressed individual psychological and emotional nuances through tiny physical details



Brooklyn Museum of Art



Reunited slabs from the tomb of Metjetji, dispersed by 19th-century grave robbers: 'It's wonderful to get into bed with the Louvre and the Met, but it's also great to put our own pieces in perspective'



Noblewoman's funerary dress: objects placed in tombs show that life after death was expected to bear a remarkable resemblance to earthly existence

like-an-Egyptian thing." But with sculpture, the strictures that artists worked under—left foot always forward, for example, or children inevitably posed with an enigmatic finger to the lower lip—still allowed ample room for a flowing naturalism and numerous individual touches. And it is those details, which humanize the people immortalized in stone four millennia ago, that give Old Kingdom art an intimate domesticity to match its exotic element. The husband and wife sculptures, the frequent representations of children, the highly unusual alabaster carving showing Pharaoh Pepi II, who had come to the throne very young, seated full-grown on his mother's lap—all resonate with modern sensibilities.

So do the many everyday objects recovered from the tombs, all placed with their late owners to serve them in life after death. That new existence was expected to bear a remarkable resemblance to earthly life, as shown by an extraordinary dress in beaded netting taken from the grave of a female contemporary of Pharaoh Khufu, builder of the Great Pyramid. Made of 7,000 faience beads in contrasting shades of blue, it would have left its wearer stylishly attired for her new life.

Meanwhile, the relief carvings, impressive even as isolated slabs, are far more powerful and distinctive when restored to their original contexts. One wall of the exhibition is devoted to five superb limestone slabs from the tomb of the nobleman Metjetji, reunited for the first time since grave robbers sold them individually some time in the 19th century. The fragments are now owned by the ROM, the Met and museums in Berlin and Kansas City, Mo. "It's wonderful to get into bed with the Louvre and the Met," notes Grzymski, "but it's also great to put our own pieces in perspective."

One section of Metjetji's tomb depicts on a smaller scale his son, Ihy, hugging his father's leg and the inscription, "this is his son whom he loves." That sense of family values suffuses ancient Egyptian art and forms a good part of its appeal, Grzymski believes. "This mysterious culture from far away and long ago is made familiar through its art. People find they were just like us." But there is another factor involved in Egypt's continuing pull, the curator thinks, another way the ancient civilization resembles the present. "The Egyptians themselves were obsessed with time and survival, with preserving their bodies, names and images forever. And," adds the smiling curator, "they largely succeeded."



Grzymski: challenging long held assumptions

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Remaking the CBC

The public broadcaster faces more job losses



Rabinovitch' morale rose when he opposed new licence conditions

Paul-Paul Poirier for Maclean's

CBC supporters often compare the layoffs that have plagued the broadcaster for the past decade to death by a thousand cuts. Those working for Canada's national public broadcaster may soon be thinking they have reached number 999. Although CBC executives declined interview requests, in a Jan. 25 memo, CBC-TV vice-president Harold Redekopp told his staff that "in order for CBC television to balance its budget and to undertake a fundamental transformation, there will have to be layoffs." Union representatives say that by Feb. 11, anywhere from 300 to 700 jobs will be cut from the 4,082 positions now held in both radio and television. Since 1990, 1,740 CBC employees have received pink slips. "The corporation has been through so many of these layoffs that they have become routine," says Mike Sullivan, national representative of the Communications Energy and Paperworkers Union of Canada, which represents 2,100 CBC technicians. "To CBC management, it's like eating candy. They think, 'It's so easy, why would we look at other ways of saving money?'"

The cuts are part of CBC president Robert Rabinovitch's plan to reshape Canada's English-language broadcaster. The CBC now has an annual budget of $1.2 billion, $750 million of it from the federal government, and the rest from commercial revenue. Since 1995, the Chrétien government has cut $250 million from its budget. Last month, just three months after he was appointed head of the broadcaster, Rabinovitch launched a "transformation" committee to review the CBC's structure and programming. The books must be balanced by April to accommodate changes sparked by the fall release of the committee's findings. Job cuts are the fastest means available, although some shows will die (last week, the little-watched prime-time soap opera *Riverdale* was cancelled).

Most of this week's layoffs are expected to occur in Toronto, says Lise Lareau, president of the Canadian Media Guild, which represents 4,000 CBC journalists and administrators. CBC Radio began the purge last month, laying off 25 CEP-represented technicians and editorial assistants at its Toronto office. The union is grieving those cuts, claiming that the CBC broke its collective bargaining agreement. The layoffs were the first step in the $3- to $4-million worth of cuts necessary to balance CBC Radio's 1999-2000 budget. CBC television must eliminate a $40-million deficit. By law, the CBC must break even every year. Previously, however, the CBC sometimes corrected deficits by carrying them over into the following fiscal year. "In the past,

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there was more flexibility," says Lareau. "None of that is happening now."

Most employees believe CBC management plans to follow up layoffs with the integration of its news services. Beginning some time in 2001, television and radio news (both regional and national), along with Newsworld and the main network, will all fall under one managerial body. As a result, entire departments, such as CBC Radio news, may be eliminated. A truncated version of *The National* may be broadcast at 6:30 p.m. in an attempt to boost the poor ratings of local suppertime newscasts, and many insiders predict that *The Magazine* will be cancelled or turned into an occasional broadcast.

The cuts will exacerbate the depression gripping many CBC employees. Yet these cuts come at a time when the CBC has a popular president who has a clear, passionate vision. CBC staff cheered when Rabinovitch was appointed in November, and morale rose when he opposed new licence conditions imposed by the Canadian Radio-television and Telecommunications Commission. The CRTC told the CBC to eliminate foreign blockbuster films from its schedule, bulk up its regional programming and reduce professional sports coverage. Rabinovitch railed against the measures, saying "there's no way the CBC can implement these decisions," adding that they would cost $50 million in revenue. If Rabinovitch can convince his staff that layoffs will allow the CBC to rejuvenate itself, he may raise morale among those remaining, the argument being that once the CBC has its house in order, it can lobby for an increase in funding.

If he fails, this week's layoffs will simply be one more step towards ineffectuality and, ultimately, irrelevance. "None of the cuts are death blows until the public stops caring," says Sullivan. "But it is a slow march to death. Eventually, there won't be anyone left but one vice-president and he can turn out the lights when he leaves."

Andrew Clark

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ROGERS

Monks get their kicks



Scene from The Cup, *the first movie from Bhutan, and the first in Tibetan*

The Cup
Directed by Khyentse Norbu

It is like no other movie ever made. *The Cup* is the first feature to come out of the Himalayan kingdom of Bhutan, and the first in the Tibetan language. It was shot in a monastery by a monk who is one of the most important lamas in Tibetan Buddhism. All these celluloid oddities add up to a funny, charming look at a realm few people get to see.

Based on a true story, the film is set in the summer of 1998, when World Cup soccer fever has struck the globe. Even remote Bhutan, a country of two million people sandwiched between India and Tibet and a haven for Tibetan monks in exile, isn't immune to soccer mania. Team logos are drawn in chalk on the walls of the Chokling Monastery. And the chanting by the younger monks sometimes veers into team slogans. Orgyen and Lodo are two spirited teenagers who sneak out at night to watch the games on a TV in a nearby village. Eventually, they are nabbed by the monastery's disciplinarian, Geko, and threatened with expulsion. But Orgyen convinces Geko and the abbot that since the two fans were punished for sneaking out, *not* for watching television, the monastery should rent a TV so everyone can enjoy the Cup final.

Writer-director Khyentse Norbu, 38, shot the film at his own rural monastery, and he has captured the simple beauty of the Bhutan countryside. He cast his fellow monks—who, he says, really are crazy about soccer—and they lend authenticity to the movie, not to mention an infectious sense of glee. The young monks balance prayers and studies with typical teenage activities, such as passing notes behind their teacher's back and playing kick the can. *The Cup* moves slowly, but so it should. Norbu has captured the rhythms of life in a place where even World Cup fever cannot dispel an overwhelming air of serenity.

Tanya Davies

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What are you doing to mark the millennium?

Vanity and evil

Errol Morris mercilessly exposes 'Mr. Death'



Photo by Nigel Macsorley



Auschwitz gates; Leuchter (left): smitten with the status he won among neo-Nazis

He wanted to become what he called the "Florence Nightingale of Death Row," a man whose sacred mission was to design and construct user-friendly (to both executioner and condemned prisoner) gas chambers, electric chairs, lethal-injection systems and gallows. But Fred A. Leuchter Jr., an engineer from Malden, Mass., traded this dream for the opportunity to become a stooge for Holocaust deniers around the world. *Mr. Death: The Rise and Fall of Fred A. Leuchter, Jr.* charts Leuchter's ignoble trajectory. Directed by American documentary filmmaker Errol Morris, the movie is a brilliant meditation on the relationship between vanity and evil.

The bizarre story of the American-born Leuchter, now 56, begins in the 1980s, when he fixed his first murder device: Tennessee's electric chair. He soon became a renowned, albeit self-taught, death expert. In 1988, Leuchter married Carol, a Dunkin' Donuts waitress, and prepared for a prosperous life. That same year, however, destiny called in the form of Ernst Zundel. The Toronto-based neo-Nazi had been charged with spreading false news (a criminal offence in Canada) for a pamphlet called "Did Six Million Really Die?" and Zundel asked Leuchter to act as an expert witness. He flew the American to Poland. There, Leuchter conducted illegal tests on the ruins of concentrations camps including Auschwitz. He returned with evidence he claims proves the Nazis did nor use gas chambers and that the Holocaust never happened. Leuchter testified for Zundel, who was nevertheless convicted in 1988 (the Supreme Court of Canada struck down the conviction in 1992). Leuchter published his findings in "The Leuchter Report," which is now a cornerstone of the Holocaust denial movement.

In the hands of a less skilled director, Leuchter's story could easily become a crude story of good and evil. But Morris, who directed such acclaimed movies as 1988's *The Thin Blue Line* (about an innocent man on death row) and 1997's *Fast, Cheap and Out of Control* (about four risk-takers), adopts a more complex and ultimately rewarding approach. Using interview and archival footage, he shows how Leuchter—who was not a Holocaust denier before signing on with Zundel—became smitten with the status he won among neo-Nazis. Leuchter was so flattered by being considered an "expert" that he ignored where the accolades were coming from. "The question I want to ask," Morris told *Maclean's* in an interview, "is if the Holocaust has something

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to teach us, is it about anti-Semitism per se or does it teach us something deeper, that people can believe something that is so deeply wrong. Is the human mind so plastic that people can believe anything?"

The footage of Leuchter's illegal excavations—filmed by a cameraman hired by Zundel—provokes both humour and outrage. Leuchter is every inch the buffoon. Looking like a gnome in his hooded jacket and armed with a pick and a handful of plastic sandwich bags, he happily hacks away at the walls of gas chambers and ovens. He is a case study in stupidity, affecting television-inspired detective jargon, at one point proclaiming: "I am making my ascent," before crawling out of a hole. At the same time, the viewer is incensed by his shameful transgressions. Every whack of Leuchter's pick is a desecration.

Leuchter's "deal with the devil," as a Holocaust historian interviewed by Morris calls it, comes with a price. After his alignment with the neo-Nazis, prison wardens and state governors back in the United States, who once bought his execution devices, no longer want to do business with him. Protesters rail against him. He loses his wife, his career and his status. Leuchter winds up delivering speeches on the neo-Nazi rubber-chicken circuit. Then, it appears, even the hatemongers tire of him. He winds up hiding from creditors. Only one thing remains constant—Leuchter's unshakable belief that he is right. It's here that *Mr. Death* delivers its most telling statement on the Holocaust: the will to not know may be a sin of passivity, but it can be the most lethal sin of all. "It would be nice if we could just simply identify evil, as if evil always wore some kind of evil face," Morris says. "We could point and say, 'Those are the Iagos, those are the Lady Macbeths, those are the Richard IIIs, let's go get them.' But the world doesn't quite work that way."

Andrew Clark *with Brian D. Johnson in Toronto*

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by John Bell



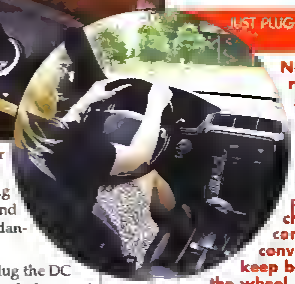
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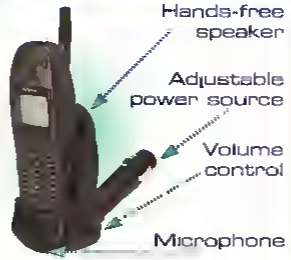
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Allan Fotheringham
in California

Where bloodlines count

The foreign scribbler, wandering vast tracts of America in a presidential year, is most puzzled by the myths.

The American voters, products of the most democratic nation ever devised, hold the firm belief that the Brits are nuts to hold fast to their bosoms the outdated relic called royalty. They feel, sincerely, that passing on prestige merely by the luck of birth is anathema to their principles.

And so we look at this crazy, less-than-inspiring presidential race that will end in November, and remain permanently perplexed. It is being fought between Albert Gore Jr., born to Senator Albert Gore Sr., and George W. Bush, born to ex-president George Bush.



Roy Peterson

No dynasties? No passing on of bloodlines? One of his Republican rivals young George—known as "Dubya" down here in the Sunbelt—left in the dust was Liddy Dole, married to the last Republican candidate, Bob Dole. And she, quite likely, will end up as his gender-lucky vice-presidential mate once he buys his way to the nomination come Philadelphia in July.

Dynasties? We have, still earnestly and hopelessly trying to purchase the GOP nomination for the second time with Daddy's money, the geekish Steve Forbes. His only gift in life is that he chose his parents well, Pops being the late Malcolm Forbes, inventor of *Forbes* magazine—the bible for capitalists—who only after his death was revealed, despite his dates with Elizabeth Taylor on his Harley-Davidson motorsickle, to have been a cross-dresser and bisexual.

You wanna talk about dynasties? Even John McCain, the gutsy, appealing guy who so frightened Dubya in New Hampshire last week, has the right bloodlines. As a war hero—unlike the draft-evading Dubya—he spent 5½ years as a guest of what he calls the "Hanoi Hilton," and his father, a four-star admiral of the U.S. Pacific fleet (as was his grandfather), had to order his planes to bomb the Vietnam precincts where his son was held prisoner and being tortured.

The myths always mask the truth. The scribbler wanders the Sunbelt—New Mexico, McCain's turf of Arizona, California—where the population is flowing and leeching the political power from the Old Money base of the Manhattan-Boston Northeast.

FDR came from patrician upstate New York lineage. The nouveau riche Kennedys of Hyannis Port, Mass.—after one son died in war and two others were assassinated—still have the very portly and now well-respected Teddy in the Senate.

But the new boys who want to be president try to shuck their Old Money roots up north. Dubya went to the most prestigious New England prep school, Andover (as did his father), and on to Yale (as did Daddy and grandfather Senator Prescott Bush).

But he fled to Texas, where he claims to have made his money in oil—he didn't, Dad's connections did—and has the effrontery to run for president after only five years in politics as Texas governor. (The family always thought younger brother Jeb, speaking of dynasties, now governor of Florida, was the more promising politician.)

Political power is where the sun shines. Bill Clinton—"a great talent, a great waste," says McCain—from Arkansas chose as vice-president his Double Bubba, Al Gore, from neighbouring Tennessee. Albert Gore Jr. fakes it. He was raised, while his father adorned the Senate, in the second-most expensive hotel in Washington, where his main duty was room service.

Gore was sent to St. Albans, the No. 1 private school in Washington, and then on to Harvard. Now his Tennessee hillbilly accent increases with every campaign speech.

And so we march on to the South Carolina primary, the next big test, the two Ivy League grads dropping their g's at every pit stop. The real crunch will come here in California on Super Tuesday, March 7, when the state that has the same number of people as Canada will undoubtedly decide the finalists.

The scribbler watches it all with fascination, so unused to politics where there is actually competition and some suspense as to the outcome. So unlike an elected dictatorship for five years where a government with no credible opposition does what it wants, when it wants.

And the country waits, apathetically, for some new saviour to arise from the boondocks to replace the tired faces at hand. And the myths in America prevail, innocent voters actually believing that they are not voting because of bloodlines. Just like those funny royals.

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